

NINETEENTH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____

DEPUTY CLERK

**MOTION AND INCORPORATED MEMORANDUM REQUESTING APPROVAL OF
SETTLEMENT OF CLAIMS INVOLVING PRICEWATERHOUSECOOPERS**

NOW INTO COURT through undersigned counsel comes J. Robert Wooley, Commissioner of Insurance for the State of Louisiana in his capacity as Liquidator of AmCare Health Plans of Louisiana, Inc. In Liquidation ("AmCare-LA") through Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation (the "Receiver") who respectfully represents that:

1.

Am Care Health Plans of Louisiana, Inc. was a health maintenance organization that was placed by order of this honorable Court in rehabilitation on October 27, 2002 and in liquidation on November 12, 2002, and the Receiver was appointed by the Court pursuant to those orders.

2.

The order of liquidation for AmCare La entered by this Court on November 12, 2002 authorized the Receiver, inter alia, to commence whatever legal actions were necessary, and to collect all sums and debts that were economically feasible to collect, to accomplish the liquidation of AmCare-LA.

3.

In furtherance of the order of liquidation in September, 2003, the Receiver filed an action against PricewaterhouseCoopers ("PWC") in this Court, case number 512,366, and filed an action with the Accounting Review Panel, Review Panel #RP030014. Case number 512,366 was later consolidated with case number 499,737 and amended and restated as to the claims asserted.

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19TH JUDICIAL DISTRICT
EAST BATON ROUGE, LOUISIANA

4.

AmCare Health Plans of Texas, Inc. In Receivership ("Amcare-TX"), and AmCare Management, Inc. In Receivership ("AmCare-Mgt"), both of which are in receivership and under the supervision of the courts of the State of Texas, and AmCare Health Plans of Oklahoma, Inc. In Receivership ("AmCare-OK"), which is in receivership and under the supervision of the courts of the State of Oklahoma, (all collectively referred to as the "AmCare entities"), intervened in case number 499,737 to join AmCare-LA in asserting claims against PWC and related PWC entities.

5.

PWC was the accounting firm for AmCare-LA and the AmCare entities, and was instrumental in the preparation of financial statements, annual audits, tax returns and other accounting activities for AmCare-LA and the AmCare entities from 1999 until 2002.

6.

In connection with the proposed settlement of the claims asserted on behalf of AmCare-LA and the AmCare entities against PWC, PWC has denied the allegations made in the pending actions but is willing to enter into a settlement agreement to avoid the time and expense of protracted litigation involving complex business and accounting transactions.

7.

In connection with the proposed settlement, PWC and its related entities have agreed to pay AmCare-LA and the AmCare entities, collectively, the full and true sum of Three Million Five Hundred Thousand (\$3,500,000.00) Dollars, a portion of which is to be paid to AmCare-LA in accordance with the terms of the Receiver's Agreement previously approved by this Court. A copy of the proposed settlement agreement is attached hereto and marked as **Exhibit A**.

8.

The Receiver believes that the proposed settlement is in the best interest of the AmCare-LA estate, will efficiently marshal the property and assets of the AmCare-LA estate, and will further the goals identified in the order of liquidation entered by this Court in this matter.

9.

A hearing on PWC's Motion to Enforce the Settlement was held by this Court on June 2, 2005 and certain statements entered on the record of those proceedings. A copy of the transcript of that proceeding is attached hereto and incorporated herein and marked **Exhibit B**.

10.

The transcript of the hearing on June 2, 2005, as reflected in **Exhibit B**, further reflect and define the parties' agreement as to the proposed settlement.

11.

The Receiver further requests notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at www.lidi.la.gov ; Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such be deemed sufficient notice to all interested persons or entities.

12.

The Receiver requests that the judgment rendered as to the proposed settlement be certified as a final judgment for purposes of appeal by this Court for the reasons that the judgment as prayed for will dismiss all claims of AmCare-LA against PWC with prejudice and there is no just reason for delay since PWC will no longer be a party to the recovery actions in accordance with Louisiana Code of Civil Procedure article 1915.

WHEREFORE, Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation, prays that this motion be deemed good and sufficient and that this honorable Court approve the proposed settlement with PWC and authorize the Receiver to enter into the proposed agreement with PWC and the AmCare entities, as reflected in **Exhibit A** and **Exhibit B**, and to sign such documents, to take such actions as may be required to accomplish same, and to implement same, in the sole discretion of the Receiver; that notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at www.lidi.la.gov ; Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such be deemed sufficient notice to all interested persons or entities, and the judgment rendered as to the proposed settlement be certified as a final judgment for purposes of appeal by this Court for the reasons that the judgment as prayed for will dismiss all claims of AmCare-LA against PWC with prejudice and there is no just reason for delay since PWC will no longer be a party to the recovery actions in accordance with Louisiana Code of Civil Procedure article 1915, and for all other appropriate relief.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR

J. Robert Wooley

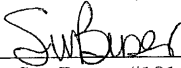
Commissioner of Insurance

for the State of Louisiana

in his capacity as Liquidator of

AmCare Health Plans of Louisiana, Inc.

Buser & Associates, APLC

BY:  _____

Sue Buser #18151

1518 Highway 30 East

Gonzales, LA 70737

Telephone: (225) 644-6100

Fax: (225) 644-6111

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____

DEPUTY CLERK

ORDER

Considering the foregoing Motion and Incorporated Memorandum Requesting Approval of Settlement of the Claims of PricewaterhouseCoopers filed on behalf of AmCare Health Plans of Louisiana, Inc. In Liquidation, and the Court finding that the parties are entitled to the relief granted:

IT IS ORDERED, ADJUDGED AND DECREED that the Motion Requesting Approval of Settlement of the Claims of PricewaterhouseCoopers be and hereby is GRANTED.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the proposed settlement with PricewaterhouseCoopers be and hereby is APPROVED.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver for AmCare Health Plans of Louisiana, Inc. In Liquidation be and hereby is authorized to enter into the proposed settlement agreement with PricewaterhouseCoopers, and AmCare Health Plans of Texas, Inc. In Receivership, AmCare Management, Inc. In Receivership, and AmCare Health Plans of Oklahoma, Inc. In Receivership, as reflected in the proposed agreement attached as **Exhibit A** and as per the transcript of the hearing on June 2, 2005, as reflected in **Exhibit B**, and to sign such documents, to take such actions as may be required to accomplish same, and to implement same, in the sole discretion of the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that notice of this motion and order and the Court's ruling be given by posting a copy of this motion and order and the Court's ruling on the Louisiana Department of Insurance website at www.lidi.la.gov ; Office Directory; Receivership; Domestic Receivers in receivership-Open; AmCare Health Plans of Louisiana; Receivership Pleadings and that such notice shall be deemed sufficient notice to all interested persons or entities.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the motion of the

Receiver to certify this judgment as a final judgment pursuant to Louisiana Code of Civil Procedure article 1915 be and hereby is granted and this judgment is certified as a final judgment for purposes of appeal.

The Court, in accordance with Louisiana Civil Code Article 1915, designates this as a final judgment by the Court after an express determination that there is no just reason for delay since the judgment rendered by the Court herein dismisses all claims in the recovery actions as to PricewaterhouseCoopers with prejudice.

THUS DONE AND SIGNED this _____ day of _____, 2005 at
Baton Rouge, Louisiana.

JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the above and foregoing document has been forwarded via First Class Mail, postage prepaid and properly addressed, to the following:

Harry J. Philips, Jr.
Robert W. Barton
Taylor Porter Brooks & Philips
P.O. Box 2471
Baton Rouge, LA 70821-2471

Robert J. Burns, Jr.
Perry, Atkinson, Balhoff, Mengis
& Burns, LLC
P.O. Box 83260
Baton Rouge, LA 70884-3260

Wendell Clark
Patrick Seiter
Adams & Reese
North Tower, 19th Floor
451 Florida Street
Baton Rouge, LA 70801

V. Thomas Clark, Jr.
Crawford Lewis
1600 Bank One Centre, North Tower
450 Laurel Street
P.O. Box 3656, 70821-3656
Baton Rouge, LA 70801

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Baton Rouge, Louisiana 70801

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Louisiana Department of Insurance
1702 N. Third Street
Baton Rouge, LA 70802

William C. Kaufman, III
Seale, Smith, Zuber & Barnette
8550 United Plaza Boulevard
Suite 200
Baton Rouge, LA 70809

R. James George, Jr.
Gary L. Lewis
George & Brothers
114 W. Seventh Street, Suite 1100
Austin, TX 78707

Douglas Dodds
Amy Clark-Meachum
Pat Lochridge
McGinnis Lochridge & Kilgore
1300 Capital Center
919 Congress Avenue
Austin, TX 78701

on this _____ day of _____, 2005.



SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is made and entered into by and between J. Robert Wooley, Commissioner of Insurance for State of Louisiana, Liquidator of AmCare Health Plans of Louisiana, Inc. ("Wooley"), Jean Johnson, as Special Deputy Receiver for AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.¹ (Jean Johnson, as Special Deputy Receiver, and on behalf of Jose Montemayor, the Insurance Commissioner of Texas, Receiver, or his successor, shall be hereinafter referred to as "Johnson") and Kim Holland, Receiver for AmCare Health Plans of Oklahoma, Inc. ("Holland")² (collectively, "Plaintiffs"), on the one hand, and PricewaterhouseCoopers LLP ("PwC"), on the other hand. Wooley, Johnson, Holland and PwC may be hereafter referred to collectively as the "Parties," or any of them, as a "Party."

HAROLD GOLD

WITNESSETH:

WHEREAS, Plaintiffs and PwC are currently engaged in litigation in matters styled

No. GN303897; *Jean Johnson, Special Deputy Receiver of Amcare Health Plans of Texas, Inc., and AmCare Management, Inc., and Carroll Fisher, Receiver of AmCare Health Plans of Oklahoma, Inc. v. PricewaterhouseCoopers LLP et al.*; In the 250th Judicial District Court, Travis County, Texas (the "Texas Case"); and

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Thomas S. Lucksinger, et al., Docket # 499,737; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana

-Consolidated With-

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Pricewaterhouse Coopers, LLP, Docket #

PwC-02.A
6/2/05

¹ Jean Johnson is the Special Deputy Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc., appointed by Jose Montemayor, Insurance Commissioner of Texas, Receiver for AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.

² Carroll Fisher ("Fisher") was Insurance Commissioner of Oklahoma and Receiver of AmCare Health Plans of Oklahoma, Inc. when suit was first filed against PwC. Fisher has been succeeded by Kim Holland as Insurance Commissioner of Oklahoma and Receiver.



512,366; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana

-Consolidated With-

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Foundation Health Corporation, et al.,
Docket # 509,297; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana
(collectively, the "Louisiana Case");

WHEREAS, Johnson, in September 2003, instituted the Texas Case against PwC, initially captioned as No. GN303897, *Jean Johnson, Special Deputy Receiver of Amcare Health Plans of Texas, Inc. v. PricewaterhouseCoopers LLP*; In the 250th Judicial District Court, Travis County, Texas;

WHEREAS, Wooley, in September 2003, instituted the Louisiana Case against PwC, initially captioned as Docket #512,366; *J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., in Receivership vs. PricewaterhouseCoopers, LLP*, in Division "D"; Nineteenth Judicial District Court Parish of East Baton Rouge, State of Louisiana, which was consolidated with Docket No. 499,737 of the Louisiana Case in September 2004; and on the same date, Wooley also instituted a certain proceeding before an accounting review panel ("Accounting Review Panel") of the Society Of Louisiana Certified Public Accountants captioned *J. Robert Wooley, Commissioner Of Insurance For The State Of Louisiana, As Liquidator For Amcare Health Plans Of Louisiana, Inc., In Receivership vs. PricewaterhouseCoopers LLP*, Accounting Review Panel No. RP030014 (the "Review Panel Proceeding");

WHEREAS, in March 2004, Fisher intervened in the Texas Case; and in September 2004, Johnson and Fisher intervened in the Louisiana Case;

WHEREAS, Johnson brought her claims against PwC in the Texas Case and in the Louisiana Case as Special Deputy Receiver on behalf of AmCare Health Plans of Texas, Inc.,

("AmCare-TX"), AmCare Management, Inc., ("AmCare Management"), the claimants who assigned their proofs of claims to Johnson, and other creditors of AmCare-TX and AmCare Management; Fisher brought his claims against PwC in the Texas Case and in the Louisiana Case as Receiver on behalf of AmCare Health Plans of Oklahoma, Inc., ("AmCare-OK"), its policyholders, creditors and/or other interested persons; and Wooley brought his claims against PwC in the Louisiana Case, and in the Review Panel Proceeding, as Liquidator and on behalf of policyholders, members, stockholders and creditors of AmCare Health Plans of Louisiana, Inc. ("AmCare-LA");

WHEREAS, PwC subsequently brought, in the Texas Case, a counterclaim for declaratory judgment, and, in the Texas Case and the Louisiana Case, counterclaims against AmCare-TX, AmCare-OK, and AmCare-LA for indemnity and a cross-action against AmCareco, Inc., for indemnity;

WHEREAS, in March of 2005, the matter entitled *J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. PricewaterhouseCoopers LLP*; Docket #529,699; Section "27"; Nineteenth Judicial District Court; Parish of East Baton Rouge, State of Louisiana, was filed in connection with the Review Panel Proceeding (the "Review Panel Case"); and

WHEREAS, the Parties, wishing to avoid the uncertainty, time, inconvenience, and expense of further litigation by compromising, resolving, and settling forever all claims, causes of action, and controversies among them, including all of PwC's counterclaims and cross-claims, have reached this Agreement,

NOW, THEREFORE, for and in consideration of the premises stated and the payment, promises, releases, and covenants hereinafter set forth, Plaintiffs and PwC agree and bind themselves, subject to approval of the Plaintiffs' respective receivership courts, as follows:

1. PwC agrees to pay to Plaintiffs the total sum of Three Million Five Hundred Thousand and no/100 Dollars (\$3,500,000) as further set forth below.

2. Plaintiffs, individually and collectively, and on behalf of those for whose benefit the Louisiana Case, the Texas Case and the Review Panel Proceeding were brought, do hereby absolutely, irrevocably and unconditionally acquit, release and forever discharge the following (the releasing persons or entities may be hereinafter referred to as "Releasing Parties"):

a. PwC, and its predecessors, successors, and assigns, and its, and their respective present and former partners, principals, employees, officers, directors, attorneys, agents, affiliates, representatives, and all other related and affiliated persons, firms, partnerships, and entities (including but not limited to PricewaterhouseCoopers Corporate Securities); and

b. Shattuck Hammond Partners LLC and Shattuck Hammond Partners Inc., and each of them, their respective predecessors, successors, and assigns, and their respective present and former members, partners, principals, employees, officers, directors, attorneys, agents, affiliates, representatives and all other related and affiliated persons, firms, partnerships and entities,

(all of the persons or entities released in this Paragraph may be hereinafter referred to as the "Released Parties" or any of them, a "Released Party") of and from any and all claims, debts, damages, demands, rights, actions, cross-claims, counterclaims, causes of action, choses in action, suits, damages, liabilities and attorneys' fees, costs, expenses or losses, whatsoever,

whether arising under common law, statute, code, regulation, in equity or otherwise, whether in contract, or tort, or otherwise, of whatever kind or character, known or unknown, accrued or unaccrued, now existing or hereafter arising, directly or indirectly, which the Releasing Parties may have or hereafter claim to hold or possess, arising out of, related to or concerning, in whole or in part, the facts, matters, or circumstances that were alleged, or could have been alleged, in the Texas Case, the Louisiana Case, and/or the Review Panel Proceeding, or in any other jurisdiction. This Agreement may be pleaded as a final, complete and absolute bar to any and all claims and suits which may hereafter be asserted, pending, filed or prosecuted on any of the released matters described in this Paragraph 2 by any individual or entity. Plaintiffs, individually and collectively, agree that if they, or any of them, are conveyed, or receive the right to control, any claims or causes of actions of AmCareco, Inc., against PwC or the other Released Parties, then, to the extent, if any, such claims or causes of action are not released in this Paragraph, or by separate instrument executed by AmCareco, Inc., Plaintiffs will cause to be executed in favor of PwC and the other Released Parties, a full and complete release by AmCareco, Inc., in the form attached as Exhibit "E" hereto.

3. PwC does hereby absolutely, irrevocably and unconditionally acquit, release and forever discharge Plaintiffs, and each of them, and their successors and assigns, of and from any and all claims, debts, damages, demands, rights, actions, cross-claims, counterclaims, causes of action, choses in action, suits, damages, liabilities and attorneys' fees, costs, expenses or losses, whatsoever, whether arising under common law, statute, code, regulation, in equity or otherwise, whether in contract, or tort, or otherwise, of whatever kind or character, known or unknown, accrued or unaccrued, now existing or hereafter arising, directly or indirectly, which PwC may have or hereafter claim to hold or possess, arising out of, related to or concerning, in whole or in

part, the facts, matters, or circumstances that were alleged, or could have been alleged, by PwC in the counterclaims for indemnity filed by PwC in the Texas Case and/or Louisiana Case. This release may be pleaded as a final, complete and absolute bar to any and all claims and suits which may hereafter be asserted, pending, filed or prosecuted upon any claim by PwC for indemnity on any of the facts that were, or could have been alleged, by PwC in the counterclaims in the Texas Case and/or Louisiana Case.

4. Plaintiffs, and each of them, expressly warrant and represent to PwC, as part of the consideration for the payment of the above-mentioned sum of money, that no promise or agreement which is not herein expressed has been made to, or with Plaintiffs; that in executing this Agreement Plaintiffs are not relying upon any statement or representation of PwC or any agent, representative or attorney of PwC; that before executing this Agreement, Plaintiffs fully informed themselves of its terms, contents, conditions and effects; that Plaintiffs relied solely and completely upon their own judgment, and the advice of their own counsel, in making this settlement; and that Plaintiffs fully understand that the sum of money mentioned above in the amount of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000) is all of the money that is to be paid by PwC, or the other Released Parties, as a result of the released matters described in Paragraph 2 of this Agreement.

5. Plaintiffs agree that neither PwC, nor any of the Released Parties, admit any liability or wrongdoing whatsoever by reason of the matters mentioned herein, liability therefor being specifically denied; that this Agreement is being made purely upon a compromise basis by PwC to rid itself of litigation and to buy peace; and that this Agreement, or the payment pursuant hereto, shall never be used by Releasing Parties, or their attorneys, as evidence of liability of PwC, or any of the other Released Parties, in any suit or suits, claims, causes of action, or in any

public comment whatsoever. In the event inquiry is made of the Parties or their attorneys regarding this Agreement, or regarding the litigation that is the subject of this Agreement, such Party or attorney may respond by stating that the litigation was resolved on a satisfactory basis and without admission of wrongdoing by any party. The Parties understand that the fact and terms of this Agreement will be a matter of public record, and that the Releasing Parties do not and cannot guarantee that public comment regarding this Agreement will not be made by persons not employed by, or under control of Releasing Parties, or their attorneys.

6. Plaintiffs, and their undersigned counsel, agree that they will forthwith undertake in good faith all actions necessary, and exercise their best efforts, to obtain, within thirty days of execution of this Agreement by all Parties, approval of this Agreement and the settlement described herein from all Courts having jurisdiction over the matters released herein, as well as all applicable administrative bodies or other authorities, to the extent such authority is necessary. Plaintiffs further agree to notify PwC promptly of the status of the approval process and of all hearing dates or proceedings affecting the approval of this Agreement. Upon grant of such approvals, the Parties will forthwith file agreed motions for entry of final judgments in the Louisiana Case, the Texas Case and the Review Panel Case, and an agreed request for dismissal of the Review Panel Proceeding, dismissing with prejudice against PwC the Louisiana Case, the Texas case, the Review Panel Case, and the Review Panel Proceeding. The judgments in the Texas Case, the Louisiana Case and the Review Panel Case will direct that Plaintiffs in such cases take nothing against PwC and that costs, expenses and attorneys fees are to be paid by the party incurring same. Plaintiffs, and their undersigned counsel, will undertake in good faith all actions necessary, and exercise their best efforts, to obtain forthwith entry of such judgments by such Courts and dismissal by such Panel. PwC and its counsel will cooperate in filing such

motions and such request for dismissal and in obtaining entry of such judgments and dismissal. The judgments and dismissal to be entered will be substantially in the form attached hereto as Exhibits "A," "B," "C," and "D." Upon entry of the aforesaid judgments, the Parties, and their respective counsel, will proceed forthwith in good faith in the Louisiana Case and the Texas Case to use their best efforts to obtain whatever orders, if any, of the respective courts that may be necessary so that such judgments entered in such cases will become immediately final judgments. The inclusion in the judgments entered in the Texas Case and Louisiana Case of dismissals by PwC of its cross-claims for indemnity against AmCareco, Inc., will be dependent upon PwC receiving contemporaneously therewith a release of all claims and causes of action that AmCareco, Inc., had or possessed, claimed to have had or possessed, might hold or possess, or claim to hold or possess, arising out of, related to or concerning, in whole or in part, the facts, matters, or circumstances that were alleged, or could have been alleged, in the Texas Case, the Louisiana Case, or in any other jurisdiction and/or arising out of engagements of PwC by AmCareco, Inc., and/or its subsidiaries.

7. Within ten business days of the written notification to PwC of entry by the state district Courts of Louisiana and Texas of the approvals, judgments and such orders as may be necessary to dismiss, with prejudice, and make such judgments final as to PwC in the Texas and Louisiana proceedings, and transmission to the Accounting Review Panel of an agreed request for dismissal with prejudice of the Review Panel Proceeding, duly signed by Plaintiffs, as described in Paragraph 6 above, PwC shall tender the funds described in Paragraph 1 of the Agreement by delivery of a bank check in the amount of Three Million Five Hundred Thousand and no/100 Dollars (\$3,500,000) payable to "McKernan Law Firm & Moore Walters, et al f/b/o

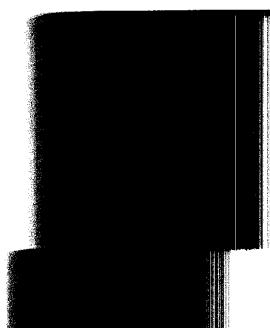
the AmCare LA, OK, & TX Receiverships." Such bank check will be delivered jointly to Edward J. Walters, Jr., counsel for Wooley and Holland, and Jerry McKernan, counsel for Johnson.

8. Each Party expressly represents and warrants to the other Parties that such Party is fully authorized to execute this Agreement and to carry out its terms and that such Party has not assigned or otherwise transferred to any person or entity (including but not limited to attorneys for such Party) any interest whatsoever in any claim, demand, action or cause of action, if any, that it may have or claim to have, or had or claim to have had, against any other Party.

9. The Plaintiffs and each of them agree to indemnify and hold Released Parties harmless (including costs of defense) from and against any claim against any Released Party by any person or entity on whose behalf Plaintiffs, or any of them, purported to bring the Louisiana Case, the Texas Case, or the Review Panel Proceeding, that is based upon facts, matters or circumstances alleged, or which could have been alleged, by Plaintiffs, or any of them, in whole or in part, or derivative thereof, in the Louisiana Case, the Texas Case, and/or the Review Panel Proceeding. Plaintiffs, and each of them, further agree to indemnify and hold Released Parties harmless (including costs of defense) from and against any claims made by anyone acting or claiming by, through, for, or under the Plaintiffs, or any of them, that are based upon facts, matters or circumstances alleged, or which could have been alleged, by Plaintiffs, in whole or in part, or derivative thereof, in the Louisiana Case, the Texas Case, and/or the Review Panel Proceeding.

10. Each Party to this Agreement shall bear its own attorneys' fees, expenses and costs relating to the Texas Case and Louisiana Case, with the sole exception that PwC will pay the cost of the Review Panel Proceeding, which has been determined to be \$875.00.

4/26
6/2/05
(Takes)
MOP
6/2/05
CPWC



11. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

12. This Agreement and the Exhibits attached hereto constitute the entire understanding and agreement of the Parties, and supersede prior understandings and agreements, if any, among the Parties with respect to the subject matter hereof. There are no representations, agreements, arrangements or understandings, oral or written, concerning the subject matter hereof between and among the Parties, which are not fully expressed or incorporated by reference herein. This Agreement may not be altered or modified except in writing signed by the Party against whom enforcement is sought.

13. This Agreement shall be executed in five original counterparts. Each such counterpart shall be deemed an original and is enforceable without the other counterparts. It is the intent of this Agreement that two originals be retained by PwC or its attorney, and the remaining originals by Plaintiffs or their attorney.

14. This Agreement has been reviewed by counsel for Plaintiffs and PwC, and approved as to form and content. Accordingly, this Agreement shall be deemed to have been jointly drafted by Plaintiffs and PwC for the purposes of applying any rule of construction to the effect that ambiguities are to be construed against the draftsman.

DATED this the ____ day of _____, 2005.

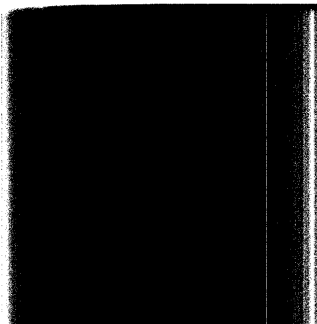
Jean Johnson, Special Deputy Receiver, AmCare
Health Plans of Texas, Inc. and AmCare
Management, Inc.

This instrument was acknowledged before me on the ____ day of _____, 2005,
by Jean Johnson, Special Deputy Receiver, AmCare Health Plans of Texas, Inc. and AmCare
Management, Inc.

Notary Public in and for the State of Texas

Printed Name of Notary

My Commission Expires:



DATED this the ____ day of _____, 2005.

J. Robert Wooley, Commissioner of Insurance for
State of Louisiana, as Liquidator of AmCare Health
Plans of Louisiana, Inc.

By: _____

Printed Name: _____

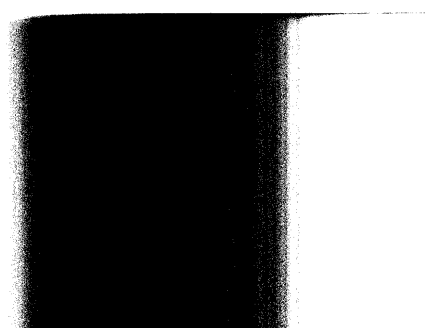
Title: _____

This instrument was acknowledged before me on the ____ day of _____,
2005, by _____ in his capacity as _____
for J. Robert Wooley, Commissioner of Insurance for State of Louisiana, as Liquidator of
AmCare Health Plans of Louisiana, Inc.

Notary Public in and for the State of Louisiana

Printed Name of Notary

My Commission Expires:



DATED this the ____ day of _____, 2005.

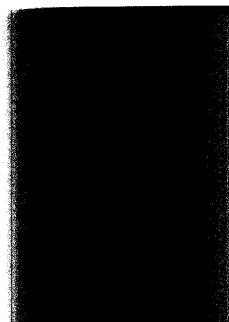
Kim Holland, Receiver for AmCare Health Plans of
Oklahoma, Inc.

This instrument was acknowledged before me on the ____ day of _____,
2005, by Kim Holland, Receiver for AmCare Health Plans of Oklahoma, Inc.

Notary Public in and for the State of Oklahoma

Printed Name of Notary

My Commission Expires:



DATED this the __ day of _____, 2005.

PRICEWATERHOUSECOOPERS LLP,

By: _____
Margaret McIntyre Enloe
Its: Associate General Counsel

This instrument was acknowledged before me on the ____ day of _____, 2005,
by _____, the _____ of PricewaterhouseCoopers LLP.

Notary Public in and for the State of _____

Printed Name of Notary

My Commission Expires:



NO. GN303897

(Proposed)
FINAL JUDGMENT

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Plaintiffs Jean Johnson, as Special Deputy Receiver of AmCare Health Plans of Texas, Inc., and AmCare

Management, Inc., on behalf of AmCare Health Plans of Texas, Inc., AmCare Management, Inc., the claimants who assigned their proof of claims to Jean Johnson, as Special Deputy Receiver, and the other creditors of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.; and Kim Holland, Receiver of AmCare Health Plans of Oklahoma, Inc., on behalf of AmCare Health Plans of Oklahoma, Inc., its policyholders, creditors and/or other persons interested in AmCare Health Plans of Oklahoma, Inc., take nothing against PwC; and all such claims against PwC are hereby dismissed with prejudice.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that PwC's counterclaims for declaratory judgment and for indemnity against Plaintiffs, and PwC's cross-actions for indemnity against AmCareco, Inc., be dismissed with prejudice.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that each party shall pay its own Court costs and attorneys' fees.

Signed this ____ day of _____, 2005.

DISTRICT JUDGE

AGREED:

H. Robert Powell
John Garda
Renee Hughes
Hughes & Luce, L.L.P.
111 Congress Avenue
Suite 900
Austin, Texas 78701
ATTORNEYS FOR DEFENDANT PRICEWATERHOUSECOOPERS LLP

R. James George, Jr.
George & Brothers, L.L.P.
114 W. Seventh Street, Suite 1100
Austin, Texas 78701
ATTORNEY FOR PLAINTIFF, JEAN JOHNSON, SPECIAL DEPUTY RECEIVER OF
AMCARE HEALTH PLANS OF TEXAS, INC. AND AMCARE MANAGEMENT, INC.

Guy M. Hohmann
T. Wade Jefferies
Hohmann, Taube & Summers, L.L.P.
100 Congress Ave., Suite 1600
Austin, Texas 78701
ATTORNEY FOR PLAINTIFF, KIM HOLLAND, RECEIVER FOR AMCARE HEALTH
PLANS OF OKLAHOMA, INC.

Exhibit "B"

J. ROBERT WOOLEY,
COMMISSIONER OF INSURANCE FOR
STATE OF LOUISIANA, AS LIQUIDATOR
FOR AMCARE HEALTH PLANS
OF LOUISIANA, INC.
Plaintiff

Number: 512,366

DIVISION "D"

19TH JUDICIAL DISTRICT

VERSUS

PARISH OF EAST BATON ROUGE

PRICEWATERHOUSECOOPERS LLP

STATE OF LOUISIANA

J. ROBERT WOOLEY,
COMMISSIONER OF INSURANCE FOR
STATE OF LOUISIANA, AS LIQUIDATOR
FOR AMCARE HEALTH PLANS
OF LOUISIANA, INC.
Plaintiff

Number: 499,737

DIVISION "D"

19th JUDICIAL DISTRICT

VERSUS

PARISH OF EAST BATON ROUGE

THOMAS S. LUCKSINGER, ET AL.
Defendants

STATE OF LOUISIANA

J. ROBERT WOOLEY,
COMMISSIONER OF INSURANCE FOR
STATE OF LOUISIANA, AS LIQUIDATOR
FOR AMCARE HEALTH PLANS
OF LOUISIANA, INC.
Plaintiff

Number: 509,297

DIVISION "D"

19th JUDICIAL DISTRICT

VERSUS

PARISH OF EAST BATON ROUGE

THOMAS S. LUCKSINGER, ET AL.

STATE OF LOUISIANA

.....
(Proposed)
FINAL JUDGMENT

CAME ON FOR HEARING this day the Joint Motion to Dismiss with Prejudice of All
Claims Against PricewaterhouseCoopers LLP ("PwC"); and the Court finding that Kim Holland
has succeeded Carroll Fisher as Insurance Commissioner of the State of Oklahoma and as
Receiver of AmCare Health Plans of Oklahoma, Inc. and is accordingly substituted as a Plaintiff

herein in place of Carroll Fisher; and the parties announcing that all matters in dispute in the above captioned lawsuit against PwC have been settled and resolved, and that Plaintiffs, as a result, have agreed to the dismissal of their claims against PwC with prejudice, and that PwC has agreed to the dismissal of its counterclaims and cross-action with prejudice.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Plaintiffs J. Robert Wooley, as Liquidator of AmCare Health Plans of Louisiana, Inc. on behalf of AmCare Health Plans of Louisiana, Inc. and the policyholders, members, stockholders and creditors of AmCare Health Plans of Louisiana, Inc.; Jean Johnson, as Special Deputy Receiver of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc., on behalf of AmCare Health Plans of Texas, Inc., AmCare Management, Inc., the claimants who assigned their proof of claims to Jean Johnson, as Special Deputy Receiver, and the other creditors of AmCare Health Plans of Texas, Inc., and AmCare Management, Inc.; and Kim Holland, Receiver of AmCare Health Plans of Oklahoma, Inc., on behalf of AmCare Health Plans of Oklahoma, Inc., its policyholders, creditors and/or other persons interested in AmCare Health Plans of Oklahoma, Inc., take nothing against PwC; and all claims against PwC are hereby dismissed with prejudice.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that PwC's counterclaims for indemnity against Plaintiffs, and PwC's cross-action for indemnity against AmCareco, Inc., be dismissed with prejudice.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that there is no just reason for delay in the entry of final judgment as to claims against PwC and as to PwC's counterclaim and cross-claims and that this judgment shall constitute, and hereby is designated a final judgment.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that each party shall pay
its own Court costs and attorneys' fees.

Signed this ____ day of _____, 2005.

HONORABLE JANICE CLARK
JUDGE, 19TH JUDICIAL DISTRICT COURT

AGREED:

**ATTORNEYS FOR JEAN JOHNSON, SPECIAL DEPUTY RECEIVER FOR AMCARE
HEALTH PLANS OF TEXAS, INC. AND AMCARE MANAGEMENT, INC.**

Joseph McKernan
Gordan McKernan
Heidi Baronsse
McKernan Law Firm
8710 Jefferson Highway
Baton Rouge, LA 70809

**ATTORNEYS FOR J. ROBERT WOOLEY, COMMISSIONER OF INSURANCE FOR
THE STATE OF LOUISIANA, IN HIS CAPACITY AS LIQUIDATOR OF AMCARE
HEALTH PLANS OF LOUISIANA, INC., AND**

**KIM HOLLAND, INSURANCE COMMISSIONER FOR THE STATE OF OKLAHOMA,
ON BEHALF OF AMCARE HEALTH PLANS OF OKLAHOMA, INC. IN HER
CAPACITY AS RECEIVER**

Edward J. Walters, Jr.
J.E. Cullens, Jr.
Moore, Walters, Thompson, Thomas, Papillion & Cullens
6513 Perkins Road
Baton Rouge, LA 70808

Guy M. Hohmann
T. Wade Jefferies
Hohmann, Taube & Summers, L.L.P.
100 Congress Ave., Suite 1800
Austin, Texas 78701

ATTORNEYS FOR DEFENDANT PRICEWATERHOUSECOOPERS LLP

Mary Olive Pierson, #11004
8702 Jefferson Highway, Suite B

Baton Rouge, LA 70809
Telephone: (225) 927-6765
Facsimile: (225) 924-7480

V. Thomas Clark, Jr., #20519
Mary G. Erlingson, #19562
Catherine S. St. Pierre, #18419

Leigh F. Groves, #23737
CRAWFORD LEWIS, P.L.L.C.
450 Laurel Street, Suite 1600
Post Office Box 3656
Baton Rouge, LA 70821-3656
Telephone: (225) 343-5290
Facsimile: (225) 383-5508

Exhibit "C"

**J. ROBERT WOOLEY, COMMISSIONER
OF INSURANCE FOR THE STATE OF
LOUISIANA, AS LIQUIDATOR FOR
AMCARE HEALTH PLANS OF
LOUISIANA, INC., IN RECEIVERSHIP**

VS.

PRICEWATERHOUSECOOPERS LLP

NUMBER: 529,699

SECTION: 27

19TH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

**J. ROBERT WOOLEY, COMMISSIONER
OF INSURANCE FOR THE STATE OF
LOUISIANA, AS LIQUIDATOR FOR
AMCARE HEALTH PLANS OF
LOUISIANA, INC., IN RECEIVERSHIP**

VS.

PRICEWATERHOUSECOOPERS LLP

SOCIETY OF LOUISIANA

CERTIFIED PUBLIC ACCOUNTANTS

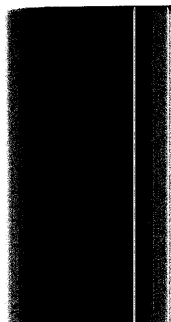
**ACCOUNTING REVIEW PANEL NO.
RP030014**

**(Proposed)
FINAL JUDGMENT**

CAME ON FOR HEARING this day the Joint Motion to Dismiss with Prejudice of J. Robert Wooley, Commissioner of Insurance for the State of Louisiana, as Liquidator for AmCare Health Plans of Louisiana in Receivership ("AmCare-La") and PricewaterhouseCoopers LLP ("PwC"); and the Court finding that the parties have announced that all matters in dispute in the above captioned lawsuit between PwC and AmCare-La have been settled and resolved, and that the Parties, as a result, have agreed to the dismissal of their various claims with prejudice.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that AmCare-La's claims against PwC be dismissed with prejudice.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that each party shall pay its own Court costs and attorneys' fees.



Signed this _____ day of _____, 2005.

JUDGE, 19TH JUDICIAL DISTRICT COURT

AGREED:

**ATTORNEYS FOR J. ROBERT WOOLEY, COMMISSIONER OF INSURANCE FOR
THE STATE OF LOUISIANA, IN HIS CAPACITY AS LIQUIDATOR OF AMCARE
HEALTH PLANS OF LOUISIANA, INC.,**

Edward J. Walters, Jr.
J.E. Cullens, Jr.
Moore, Walters, Thompson, Thomas, Papillion & Cullens
6513 Perkins Road
Baton Rouge, LA 70808

Guy M. Hohmann
T. Wade Jefferies
Hohmann, Taube & Summers, L.L.P.
100 Congress Ave., Suite 1800
Austin, Texas 78701

ATTORNEYS FOR DEFENDANT PRICEWATERHOUSECOOPERS LLP

Mary Olive Pierson, #11004
8702 Jefferson Highway, Suite B
Baton Rouge, LA 70809
Telephone: (225) 927-6765
Facsimile: (225) 924-7480

V. Thomas Clark, Jr., #20519
Mary G. Erlingson, #19562
Catherine S. St. Pierre, #18419
Leigh F. Groves, #23737
CRAWFORD LEWIS, P.L.L.C.
450 Laurel Street, Suite 1600
Post Office Box 3656
Baton Rouge, LA 70821-3656
Telephone: (225) 343-5290
Facsimile: (225) 383-5508

Exhibit "D"

SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS
2400 Veterans Boulevard, Suite 500
Kenner, Louisiana 70062-4739

Edward J. Walters, Jr.
J.E. Cullens, Jr.

Baton Rouge, LA 70808

V. Thomas Clark, Jr.
Mary G. Erlingson
Leigh F. Groves
Crawford Lewis, PLLC
450 Laurel Street, Suite 1600
P.O. Box 3656
Baton Rouge, LA 70821-3656

Re: Accounting Review Panel No. RP030014; *J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. PricewaterhouseCoopers, LLP (the "Proceeding")*

Counsel:

The Attorney Moderator of the Proceeding has notified the Society of Louisiana Certified Public Accountants that you have advised him in writing that the controversy underlying the Proceeding has been settled by agreement and that, pursuant to the settlement agreement, the Proceedings should be dismissed with prejudice. The Attorney Moderator has also notified the Society that the Attorney Moderator's final invoice has been paid and that, pursuant to the settlement agreement, the Attorney Moderator has dismissed the Proceedings with prejudice. Accordingly, this confirms that all costs of the Proceedings have been paid and the Proceedings have been dismissed with prejudice, pursuant to settlement.

Sincerely,

Grady R. Hazel, CPA
Executive Director
Society of Louisiana Certified Public Accountants

Exhibit "E"

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is made and entered into by and between PricewaterhouseCoopers LLP ("PwC") and AmCareco, Inc. ("AmCareco"). AmCareco and PwC may be hereafter referred to collectively as the "Parties," or either of them, as a "Party."

WITNESSETH:

WHEREAS, AmCareco and PwC were named defendants in

No. GN303897; *Jean Johnson, Special Deputy Receiver of Amcare Health Plans of Texas, Inc., and AmCare Management, Inc., and Carroll Fisher, Receiver of AmCare Health Plans of Oklahoma, Inc. v. PricewaterhouseCoopers LLP et al.*; In the 250th Judicial District Court, Travis County, Texas (the "Texas Case"); and

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Thomas S. Lucksinger, et al., Docket # 499,737; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana

-Consolidated With-

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Pricewaterhouse Coopers, LLP, Docket # 512,366; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana

-Consolidated With-

J. Robert Wooley, as Liquidator for AmCare Health Plans of La., Inc., In Receivership vs. Foundation Health Corporation, et al., Docket # 509,297; Division "D"; Nineteenth Judicial District Court, Parish of East Baton Rouge, State of Louisiana (the "Louisiana Case");

WHEREAS, the plaintiffs' pleadings in the Texas Case and the Louisiana Case included allegations of facts, matters, and circumstances arising from audits of financial statements of AmCareco and its subsidiaries pursuant to engagement letters with PwC;

WHEREAS, PwC subsequently brought, in the Texas Case and the Louisiana Case, a cross-action against AmCareco, Inc., for indemnity; and

WHEREAS, each Party, wishing to avoid the uncertainty, time, inconvenience, and expense of further litigation, respectively compromised, resolved and settled forever all claims, causes of action, and controversies with the plaintiffs in the Texas Case and the Louisiana Case, and the Parties now wish to compromise, resolve, and settle forever all claims, causes of action, and controversies with each other, whether asserted or unasserted, including PwC's cross-claim for indemnity,

NOW, THEREFORE, for and in consideration of the premises stated and the mutual promises, releases, and covenants hereinafter set forth, AmCareco and PwC agree and bind themselves, as follows:

1. AmCareco does hereby absolutely, irrevocably and unconditionally acquit, release and forever discharge the following:

a. PwC, and its predecessors, successors, and assigns, and its, and their respective present and former partners, principals, employees, officers, directors, attorneys, agents, affiliates, representatives, and all other related and affiliated persons, firms, partnerships, and entities (including but not limited to PricewaterhouseCoopers Corporate Securities), and

b. Shattuck Hammond Partners LLC and Shattuck Hammond Partners Inc., and each of them, their respective predecessors, successors, and assigns, and their respective present and former members, partners, principals, employees, officers, directors, attorneys, agents, affiliates, representatives and all other related and affiliated persons, firms, partnerships and entities,

of and from any and all claims, debts, damages, demands, rights, actions, cross-claims, counterclaims, causes of action, choses in action, suits, damages, liabilities and attorneys' fees, costs, expenses or losses, whatsoever, whether arising under common law, statute, code, regulation, in equity or otherwise, whether in contract, or tort, or otherwise, of whatever kind or character, known or unknown, accrued or unaccrued, now existing or hereafter arising, directly or indirectly, which AmCareco may have or hereafter claim to hold or possess, arising out of, related to or concerning, in whole or in part, the facts, matters, or circumstances that were alleged, or could have been alleged, in the Texas Case, the Louisiana Case, or in any other jurisdiction and/or arising out of engagements of PwC by AmCareco, Inc., and/or its subsidiaries. This Agreement may be pleaded as a final, complete and absolute bar to any and all claims and suits which may hereafter be asserted, pending, filed or prosecuted on any of the released matters described in this Paragraph 1 by any individual or entity.

2. PwC does hereby absolutely, irrevocably and unconditionally acquit, release and forever discharge AmCareco, and its successors and assigns, of and from any and all claims, debts, damages, demands, rights, actions, cross-claims, counterclaims, causes of action, choses in action, suits, damages, liabilities and attorneys' fees, costs, expenses or losses, whatsoever, whether arising under common law, statute, code, regulation, in equity or otherwise, whether in contract, or tort, or otherwise, of whatever kind or character, known or unknown, accrued or unaccrued, now existing or hereafter arising, directly or indirectly, which PwC may have or hereafter claim to hold or possess, arising out of, related to or concerning, in whole or in part, the facts, matters, or circumstances that were alleged, or could have been alleged, by PwC in the counterclaims for indemnity filed by PwC in the Texas Case and/or Louisiana Case and/or arising out of engagements of PwC by AmCareco, Inc., and/or its subsidiaries. This Agreement



may be pleaded as a final, complete and absolute bar to any and all claims and suits which may hereafter be asserted, pending, filed or prosecuted upon any claim by PwC for indemnity on any of the facts that were, or could have been alleged, by PwC in the counterclaims in the Texas Case and/or Louisiana Case and/or upon any claim by PwC arising out of engagements of PwC by AmCareco, Inc., and/or its subsidiaries.

3. Each Party expressly warrants and represents to the other Party that no promise or agreement which is not herein expressed has been made between the Parties; that in executing this Agreement such Party is not relying upon any statement or representation of the other Party or any agent, representative or attorney of the other Party; that before executing this Agreement, such Party fully informed itself of the Agreement's terms, contents, conditions and effects; and that such Party relied solely and completely upon its own judgment, and the advice of its own counsel, in making this settlement.

4. Each Party agrees that neither Party admits any liability or wrongdoing whatsoever by reason of the matters mentioned herein, liability therefor being specifically denied; that this Agreement is being made purely upon a compromise basis by the Parties to rid themselves of litigation and to buy peace; and that this Agreement shall never be used as evidence of liability of either Party in any suit or suits, claims, causes of action, or in any public comment whatsoever.

5. As a part of the consummation of the settlement contemplated hereby, PwC will cause its claim for indemnity against AmCareco, Inc., to be dismissed with prejudice. Each Party shall bear its own costs and attorneys' fees.

6. Each Party expressly represents and warrants to the other Party that such Party is fully authorized to execute this Agreement and to carry out its terms and that such Party has not

assigned or otherwise transferred to any person or entity any interest whatsoever in any claim, demand, action or cause of action, if any, that it may have or claim to have, or had or claim to have had, against the other Party.

7. Each Party further agrees to indemnify and hold the other Party harmless (including costs of defense) from and against any claims made by anyone acting or claiming by, through, for, or under such Party, that are based upon facts, matters or circumstances alleged, or which could have been alleged, by such Party, in whole or in part, or derivative thereof, in the Louisiana Case or the Texas Case.

8. Each Party to this Agreement shall bear its own attorneys fees and costs relating to the Texas Case and Louisiana Case and to the released matters.

9. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

10. This Agreement and the Exhibits attached hereto constitute the entire understanding and agreement of the Parties, and supersede prior understandings and agreements, if any, among the Parties with respect to the subject matter hereof. There are no representations, agreements, arrangements or understandings, oral or written, concerning the subject matter hereof between and among the Parties, which are not fully expressed or incorporated by reference herein. This Agreement may not be altered or modified except in writing signed by the Party against whom enforcement is sought.

11. This Agreement shall be executed in four original counterparts. Each such counterpart shall be deemed an original and is enforceable without the other counterparts. It is the intent of this Agreement that two originals be retained by each Party or its attorney.

12. This Agreement has been reviewed by counsel for each Party, and approved as to form and content. Accordingly, this Agreement shall be deemed to have been jointly drafted by the Parties for the purposes of applying any rule of construction to the effect that ambiguities are to be construed against the draftsman.

DATED this the ____ day of _____, 2005.

PRICEWATERHOUSECOOPERS LLP,

By: _____
Margaret M. Enloe
Its: Associate General Counsel

This instrument was acknowledged before me on the ____ day of _____, 2005,
by _____, the _____ of PricewaterhouseCoopers LLP.

Notary Public in and for the State of _____

Printed Name of Notary

My Commission Expires:

AMCARECO, INC.

By: _____

Its: _____

This instrument was acknowledged before me on the ____ day of _____, 2005,
by _____, the _____ of AmCareco, Inc.

Notary Public in and for the State of _____

Printed Name of Notary

My Commission Expires: _____

060205woo1

J. ROBERT WOOLEY NO. 499-737 DIVISION D
V. 19TH JUDICIAL DISTRICT COURT
AMCARE HEALTH PLANS OF PARISH OF EAST BATON ROUGE
LOUISIANA, ET AL. STATE OF LOUISIANA

HEARING

THURSDAY, JUNE 2, 2005

HONORABLE JANICE G. CLARK, JUDGE PRESIDING

THE COURT: ALL RIGHT, COUNSEL. MAKE YOUR
APPEARANCES FOR THE RECORD, PLEASE.

MS. PIERSON: MARY OLIVE PIERSON, BOB POWELL,
AND TOM CLARK ON BEHALF OF PRICEWATERHOUSECOOPERS.

MR. REYNAUD: CLAUDE REYNAUD, JEANNE COMEAUX
ON BEHALF PROSKAUER ROSE AND STUART ROSOW.

MR. WALTERS: ED WALTERS ON BEHALF OF
LOUISIANA AND OKLAHOMA RECEIVERS.

MR. MCKERNAN: JERRY MCKERNAN ON BEHALF OF
THE TEXAS RECEIVER. I ALSO HAVE WITH ME TWO
LAWYERS FROM TEXAS, YOUR HONOR.

THE COURT: WHO MIGHT THEY BE, PRAY TELL?

MR. MCKERNAN: MR. HAROLD GOLD AND MR. BRIAN
RIEWE. MR. GOLD IS FROM DALLAS AND MR. RIEWE IS
FROM --

THE COURT: THEY ARE COMING TO OBSERVE, NO
DOUBT.

MR. MCKERNAN: THEY ARE COMING TO OBSERVE,

Page 1



060205woo1
BUT I THINK THEY CAN PROBABLY GIVE AN EXPLANATION
TO THE COURT.

THE COURT: THAT WILL BE INTERESTING.

MR. MCKERNAN: FROM THE PERSPECTIVE OF THE
INSURANCE DEPARTMENT AND THE STATE OF TEXAS.

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THE COURT: WOULD THEY BE WITNESSES?

MR. MCKERNAN: THEY DON'T WISH TO BE. THEY
ARE LAWYERS, BUT --

THE COURT: FROM TIME TO TIME A LAWYER CAN BE
PLACED UNDER OATH AND GIVE SOME REAL TESTIMONY.
NOT REGULARLY, BUT FROM TIME TO TIME. SO I WOULD
BE INTERESTED IN HEARING FROM THEM. ALL RIGHT.

MS. PIERSON: YOUR HONOR, WE ACTUALLY HAVE NO
OBJECTION TO MR. RIEWE AND MR. GOLD BEING PRESENT
AND OFFERING WHATEVER THEY HAVE BECAUSE I AM GOING
TO OUTLINE FOR THE COURT I THINK WHY WE ARE HERE
AND THEY HAVE PLAYED A ROLE IN THE REASON WHY WE
ARE HERE.

THE COURT: ALL RIGHT, MA'AM.

MR. BARTON: JUDGE, BOB BARTON ON BEHALF THE
THREE DIRECTORS, JIHN, GALTNEY, AND MUDD.

MR. HOLLIDAY: GOOD AFTERNOON, YOUR HONOR.
DAN HOLLIDAY HERE AS AN INTERESTED OBSERVER ON
BEHALF OF SCOTT WESTBROOK.

Page 2

060205wood

THE COURT: ALL RIGHT. LET'S TAKE CARE OF SOME HOUSEKEEPING MATTERS FIRST. LET THE RECORD REFLECT THAT THE COURT HAS JUST CONCLUDED ITS MEETING WITH THE 19TH JDC, CHIEF JUDGE EN BANC REPRESENTATIONS, WITH RESPECT TO THE TRIAL OF THIS MATTER. THE PRESIDING JUDGE OF DIVISION D INFORMED THEM THAT THIS CASE WILL GO TO TRIAL COMMENCING ON JUNE 9TH, 2005, AND THAT THE ISSUE OF THE BAILIFF HAS BEEN RESOLVED. THE PARTIES HERETO WHO ARE GOING TO TRIAL HAVE AGREED THAT THAT EXPENSE WILL A COST OF COURT; IS THAT CORRECT, MR. PERCY?

MR. PERCY: YES, YOUR HONOR.

D

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THE COURT: ALL RIGHT. LET THE MINUTES SO REFLECT. PLEASE, MR. CLERK, MEMORIALIZE THAT AND SEND IT TO CHIEF JUDGE LOU DANIEL.

MR. MCKERNAN: JUDGE, AS I UNDERSTAND, ON THE 9TH OR THE 10TH WE ARE GOING TO BRING THE JURY IN AND PASS --

THE COURT: WE ARE GOING TO DO A LOT OF THINGS ON THE 9TH. THE FACT OF THE MATTER IS, MR. MCKERNAN, WE HAVE TO MAKE CERTAIN THAT WE HAVE A BAILIFF TO FUNCTION AND THAT WE HAVE SOME SECURITY

060205wo01
AT THE APPROPRIATE TIME AND THAT THE RIGHTS AND
RESPONSIBILITIES ARE ASSIGNED. I DON'T WANT THIS
CASE NOT TO GO TRIAL BECAUSE THE SHERIFF HAS
TERMINATED THE BAILIFFS.

MR. MCKERNAN: I UNDERSTAND, YOUR HONOR.

THE COURT: SO WE HAD TO TAKE CARE OF THAT
MATTER, AND WE DID ON MONDAY I BELIEVE THAT WAS,
RIGHT?

MR. MCKERNAN: YES.

THE COURT: AND SO WE HAD TO TAKE OF THAT
MATTER AND WE DID ON MONDAY, I BELIEVE THAT WAS,
RIGHT? SO WE HAD THE MEETING JUST A FEW MINUTES
AGO, WHICH IS WHY WE ARE GETTING STARTED LATE, AND
THE CHIEF JUDGE AND THE 19TH JDC KNOWS AND THEY
ARE RELATING TO MR. PHARES WHO IS THE ACTING
SHERIFF TO LET THEM KNOW HOW WE ARE GOING TO
PROCEED WITH THE FUNCTIONS OF THIS COURT VIS-A-VIS
THE BAILIFF AND SECURITY FUNCTIONS.

SO THAT WAS IMPORTANT BECAUSE ESPECIALLY IN A
JURY TRIAL YOU HAVE TO HAVE A BAILIFF WHO CAN
ENTERTAIN THE JURY, PROTECT THEM, PROVIDE FOR
THEM, AND WE DECIDED AT THE HEARING YESTERDAY THAT

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WE WERE HAVING A TWELVE MEMBER JURY PLUS TWO
ALTERNATES. MR. PERCY, ISN'T THAT CORRECT? WE
Page 4

060205wool

WERE GOING TO HAVE FOURTEEN, A TWELVE MEMBER JURY
AND TWO ALTERNATES; IS THAT NOT CORRECT?

MR. MCKERNAN: THAT'S CORRECT, YOUR HONOR.

MR. PERCY: WE ARE DISCUSSING THAT, YOUR
HONOR, AND I THINK WE EXPRESSED THAT WE DEFINITELY
WANTED THE ALTERNATES.

THE COURT: AND THAT'S WHAT THE COURT AGREED
TO. NOW THAT MEANS WE HAVE TO HAVE A QUALIFIED
BAILIFF TO HANDLE THOSE FUNCTIONS. WE DON'T WANT
REVERSIBLE ERROR.

MR. MCKERNAN: JUDGE, I'M TOTALLY IN FAVOR OF
IT.

THE COURT: OKAY.

MR. MCKERNAN: ARE YOU THINKING I'M NOT --

THE COURT: NO, I'M NOT THINKING THAT. I
JUST WANT TO BE REAL CLEAR BECAUSE THIS IS AN
ISSUE AND I JUST DON'T WANT IT TO BE REVERSIBLE
ERROR.

MR. MCKERNAN: NO. WHAT I WAS JUST
WONDERING, I HEARD YOU SAID WE WERE GOING TO TRIAL
ON THE 9TH. I UNDERSTOOD THAT WE WERE GOING
TO PICK THE JURY, TAKE THE JURY AND BRING THEM
BACK AND --

THE COURT: WELL, WE'RE GOING TO TRIAL --
WHEN I SAY WE'RE GOING TO TRIAL ON THE 9TH, THAT
IS IN ACCORDANCE WITH THE RULINGS MADE ON
YESTERDAY THAT THE LAWYERS ARE REDUCING TO WRITING
AND CIRCULATING AND WE HAVE A SCHEDULING ORDER AS
TO WHAT WE ARE GOING TO DO ON EACH DAY BETWEEN
TODAY, THE 9TH, THE 16TH, AND ALL THE WAY THROUGH

TO ITS CONCLUSION.

MR. MCKERNAN: RIGHT.

THE COURT: SOME THINGS WILL REQUIRE JURY SELECTION AND SOME DATES WILL REQUIRE ARGUMENT BUT THEY ARE WORKING THAT OUT NOW. RIGHT, MR. PERCY?

MR. PERCY: THAT'S CORRECT, YOUR HONOR.

THE COURT: YOU ALL ARE CIRCULATING THAT ORDER?

MR. PERCY: WHICH ORDER IS THAT, YOUR HONOR?

THE COURT: ON THE MANNER OF TRIAL, THE PRE-TRIAL BRIEFS, THE EXTRACTS, THE VERDICT FORMS, RIGHT?

MR. PERCY: MR. CULLENS WAS DRAFTING THAT, YOUR HONOR, AND I HAVEN'T GOTTEN A DRAFT OF THAT --

THE COURT: THAT'S CORRECT. WHERE IS MR. CULLENS TODAY, MR. WALTERS?

MR. WALTERS: HE IS PREPARING FOR TRIAL, YOUR HONOR, SO HE SENT HIS ASSISTANT.

THE COURT: AS WELL HE SHOULD BE.

MR. WALTERS: BUT I HAVE SEEN A DRAFT OF THIS DOCUMENT THAT WE ARE TALKING ABOUT. YOU SHOULD SEE IT SOON.

THE COURT: RIGHT. SO IT SETS OUT ALL THE RIGHTS AND RESPONSIBILITIES OF --

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MR. MCKERNAN: I WAS NOT AWARE OF THAT, YOUR HONOR.

THE COURT: OKAY, GOOD. THAT'S ALL RIGHT.

MR. HARRISON, THE COURT RECEIVED YOUR REPORT THIS MORNING AND YOUR ORDER AND THE COURT'S GOING TO EXECUTE IT.

MR. HARRISON: THANK YOU, YOUR HONOR.

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THE COURT: ALL RIGHT. WHAT'S NEXT?

MS. PIERSON: YOUR HONOR, WE ASKED FOR THIS STATUS CONFERENCE TODAY.

THE COURT: YES, YOU DID, MS. PIERSON.

MS. PIERSON: AND, WELL, IT'S CALLED A SETTLEMENT ENFORCEMENT CONFERENCE. AND I AM GOING TO SORT OF GIVE YOU THE NICKEL VERSION OF WHY WE'RE HERE BECAUSE THERE IS ABOUT A TWO DOLLAR VERSION THAT YOU PROBABLY DON'T WANT TO HEAR.

WE WERE HERE ON MARCH THE 18TH AND READ INTO THE RECORD WHAT WOULD FORM THE BASIS OF THE SETTLEMENT BETWEEN PRICEWATERHOUSECOOPERS AND THE PLAINTIFFS IN THESE PROCEEDINGS. ONE OF THE THINGS THAT WE READ INTO THE RECORD TO WHICH THERE WAS NO OBJECTION WAS THE STATEMENT, AND THE PLAINTIFFS WILL INDEMNIFY PWC AGAINST ANY CLAIMS

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BY ANY PERSON PLAINTIFFS HAVE PURPORTED TO
REPRESENT DIRECTLY OR INDIRECTLY OR BY VIRTUE OF
ANY ASSIGNMENT OF CLAIMS.

SO FROM THERE WE WENT TO -- AND WE WERE
DEALING WITH MR. CULLENS' OFFICE AND MR. WALTERS
IN THAT OFFICE AND DEALING DIRECTLY WITH MR.
MCKERNAN ON BEHALF OF TEXAS. WE TOOK SEVERAL
WEEKS TO SEND DRAFTS INTERNALLY. IT WAS OUR
RESPONSIBILITY. WE DID THE DOCUMENT, WE FINALLY
GOT ONE THAT SAID WE SAID, WELL, WE CAN SEND THIS
TO THE OTHER SIDE TO SEE WHAT THEY HAVE TO SAY.

SO WE SENT THE DOCUMENT OUT TO THE OTHER
SIDE. THERE WERE A COUPLE OF COMMENTS THAT I
RECEIVED IN WRITING BACK FROM MR. MCKERNAN WHICH
RELATED TO THE D'S AND O'S AND AMCARECO WHICH ARE
NOT AN ISSUE ANY LONGER. WE SORT OF RESOLVED

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THAT.

A SHEET OF COMMENTS CAME BACK FROM
MR. CULLENS, SEVERAL THINGS, WORKED ALL OF THAT
OUT. THEN SENT BACK TO US AND WE SENT IT BACK TO
THEM. AND WE WENT THROUGH THIS PROCESS UNTIL WE
GOT TO THE POINT WHERE I ACTUALLY, AND I DON'T
RECALL THE DATE BUT IT WAS ABOUT A MONTH AGO, I
ACTUALLY SENT OUT DOCUMENTS TO BE SIGNED BY

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EVERYONE INCLUDING OUR CLIENT. WE SENT FIVE TO MS. ENLOE. WE SENT FIVE TO MR. MCKERNAN FOR TEXAS AND WE SENT TEN COPIES, FIVE EACH TO MR. CULLENS FOR OKLAHOMA AND LOUISIANA TO BE SIGNED.

SUBSEQUENTLY -- WELL, RIGHT BEFORE THAT WE HAD RECEIVED AN EMAIL FROM MR. GEORGE INQUIRING ABOUT WHAT IS GOING ON WITH THIS SETTLEMENT THING. I HAVEN'T HEARD FROM ANYBODY. SO WE STARTED INCLUDING HIM IN OUR CORRESPONDENCE. SO WE SENT ALL THESE DOCUMENTS OUT AND THEN MR. GEORGE ACTUALLY WROTE BACK AND SAID I GOT A PROBLEM. I WOULD LIKE FOR YOU TO REDESCRIBE THE SIGNATORY FOR TEXAS TO INCLUDE IN HIS STATUS -- HE'S SIGNING ALSO FOR MONTEMAYOR, WHO IS THE, I THINK, COMMISSIONER OF INSURANCE IN TEXAS.

WE SAID, OKAY, FINE. WELL, WHAT THAT REQUIRED WAS IT CHANGED THE PAGINATION AND IT CHANGED THE -- SO I SAID, I SENT A LETTER TO EVERYBODY AND SAID DO NOT SIGN THOSE DOCUMENTS THAT YOU HAVE BECAUSE THE PAGINATION IS GOING TO CHANGE. I HAD ALREADY RECEIVED BACK MS. ENLOE'S COPIES SO THE DOCUMENT WAS WELL ON ITS WAY. AND SO WE WERE GOING TO REPAGINATE IT. AND THEN -- THIS TOOK SOME DAYS OR WHATEVER AND SO NOW WE ARE

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ALL THE WAY INTO MAY AND ON MAY THE 24TH, LAST
WEEK FOR THE VERY FIRST TIME SINCE MARCH THE 18TH,
WE RECEIVE A COPY OF AN EMAIL FROM HAROLD GOLD
SAYING THAT HE'S GOT SOME PROBLEMS --

THE COURT: NOW WHO IS HAROLD GOLD?

MS. PIERSON: THIS IS MR. GOLD SITTING AT THE
END OF THE TABLE.

THE COURT: ALL RIGHT. GOOD TO SEE YOU.

MR. GOLD: PARDON?

MS. PIERSON: THIS IS MR. GOLD AT THE END OF
THE TABLE.

THE COURT: ALL RIGHT.

MS. PIERSON: HE WRITES TO MR. POWELL FOR THE
FIRST TIME, IN ORDER TO OBTAIN TEXAS RECEIVERSHIP
COURT APPROVAL, THE INDEMNITY LANGUAGE HAS TO SAY
THIS, AND HE QUOTES WHAT HE WANTS, AND IT SAYS,
THIS LANGUAGE WAS PROVIDED TO THE NEGOTIATING
TEAMS BUT FOR REASONS UNKNOWN HAS NOT MADE IT INTO
THE DRAFTS. AND HE SAYS WE HAVE TO HAVE IT IN THE
AGREEMENT.

NOW I DON'T KNOW OF ANY NEGOTIATING TEAM. I
KNOW THAT I HAVE BEEN DEALING WITH PEOPLE ON THE
RECORD WHO HAVE BEEN SIGNING THESE PLEADINGS AND
WHO WERE IN COURT AND THAT IS MR. MCKERNAN AND
MR. GEORGE AND MR. HOHMANN AND MR. CULLEN AND MR.
WALTERS. THAT'S WHO WE'RE DEALING WITH. SO WE
GET THIS.

AND THEN TWO DAYS LATER THERE IS ANOTHER
EMAIL FROM MR. BRIAN RIEWE. I HAD ACTUALLY HEARD
OF MR. GOLD. I HAD NEVER HEARD OF BRIAN RIEWE AND
I THINK THAT IS MR. RIEWE ON THE FRONT ROW. I

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DON'T KNOW. I HAVE NEVER MET HIM.

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THE COURT: ALL RIGHT.

MS. PIERSON: AND HE SENDS ONE THAT SAYS, THE LANGUAGE IS NOT ACCEPTABLE TO JAMES, AND I THINK THAT IS JAMES KENNEDY, AS I HAVE MADE CLEAR FOR A VERY LONG TIME.

THE COURT: WHO IS JAMES KENNEDY, MS. PIERSON?

MS. PIERSON: IN-HOUSE LAWYER FOR THE TEXAS DEPARTMENT OF INSURANCE. AND THEN HIS EMAIL ON THE 26TH FURTHER CONCLUDES. I RAISED THESE ISSUES FROM THE BEGINNING. I RAISED IT WITH EVERY SETTLEMENT AGREEMENT AND VERSION THEREOF. MY POSITION CAN ONLY BE A SURPRISE NOW IF IT WAS IGNORED PREVIOUSLY. WELL, THIS IS THE FIRST TIME HE RAISED IT WITH ME AND US.

THE COURT: WELL, WHAT IS THE REAL ISSUE AND WHAT DID THE PRESIDING JUDGE DECIDE?

MS. PIERSON: OKAY. HERE'S WHAT -- AND, BY THE WAY, JUDGE, THESE ARE THE EMAILS SINCE THEN, AN INCH THICK. THE PROBLEM IS THIS. IN COURT AND THROUGH ALL OF THESE AGREEMENTS, THE INDEMNITY LANGUAGE HAS BEEN APPROVED. NOW MR. GOLD AND MR.

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RIEWE, THAT WE DIDN'T EVEN KNOW WE HAD TO DEAL WITH, HAVE COME UP WITH THE CONCEPT THEY DON'T LIKE IT, THEY WANT TO LIMIT IT, THEY DON'T WANT THE INDEMNITY LANGUAGE TO BE WHAT WE HAVE IN THERE, THEY WANT IT TO BE SOMETHING ELSE.

NOW, I WANT THE COURT TO ALSO KNOW THIS.

THE COURT: WHAT DO THEY WANT IT TO BE, MS. PIERSON?

MS. PIERSON: I'M GOING TO TELL YOU IN JUST A MOMENT, BUT THERE ARE SOME OTHER THINGS THAT THEY

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SAY. THEY HAVE SENT EMAILS THAT SAY WE ARE ASKING FOR TOO MUCH. WELL, WE ARE ONLY ASKING THEM TO DO WHAT WE SAID ON MARCH THE 18TH.

THEY OTHER THING IS THIS. THEY ARE SAYING IN ONE OF THE EMAILS THAT WE ARE ASKING THEM, MS. JOHNSON, MS. JEAN JOHNSON DO SOMETHING THAT IS ILLEGAL, THAT SHE CANNOT OBLIGATE THE ESTATE TO THIS TYPE OF AN INDEMNITY AGREEMENT BECAUSE IT WOULD BE AGAINST THE LAW.

BUT UNFORTUNATELY IF THAT IS TRUE, THIS IS A SETTLEMENT AGREEMENT THAT THEY HAVE SIGNED, MS. JOHNSON HAS SIGNED ALREADY WITH DR. PEARCE WHO HAS SETTLED OUT AND IT'S THE SAME LANGUAGE THAT THEY SAY IS ILLEGAL. SO THIS IS NOT NEW TO HER.

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THE SECOND THING IS LOUISIANA -- YOU SHOULD KNOW. LOUISIANA AND OKLAHOMA, NO PROBLEM WITH THE LANGUAGE. THEY ARE WILLING TO SIGN UP. MR. WALTERS WILL TELL YOU THAT. HE'S TOLD ME HE DOESN'T HAVE A DOG IN THIS HUNT. NOW THERE ARE TWO THINGS THAT I WANT THE COURT TO KNOW AND UNDERSTAND ABOUT WHAT WE PROPOSED AND WHAT WAS AGREED TO. THAT IS THIS, THESE TWO CONCEPTS. THEY ARE NOT TYPED INTO THE INDEMNITY BUT IT IS FACTS THAT EVERYONE KNOWS.

FACT NUMBER ONE. WE KNOW THAT THE INDEMNITY CLAUSE WILL NOT SURVIVE THE CLOSING OF THE ESTATE. BECAUSE ONCE IT'S GONE, IT'S GONE. I MEAN IF YOU HAVE AN INDEMNITY FROM SOMEONE AND THEY DIE, YOU'VE LOST YOUR INDEMNITY.

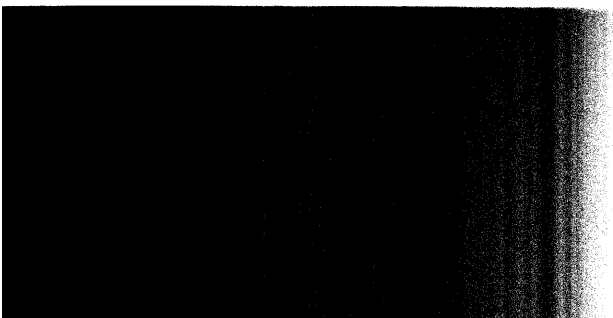
FACT NUMBER TWO, ALTHOUGH IT'S NOT STATED, WE KNOW THAT THE INDEMNITY CAN ONLY BE WORTH WHAT THE INDEMNITOR IS WORTH. SO IF BY SOME STROKE,

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SOMETHING, SOMEBODY FILES A CLAIM AGAINST US NOT COVERED BY THIS SETTLEMENT FOR \$9 MILLION AND THE ESTATE IS ONLY WORTH TWO, WELL, WE KNOW THE INDEMNITY IS WORTH TWO. THEY CAN'T PAY MORE THAN THEY ACTUALLY HAVE.

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WHAT I THINK MR. GOLD AND MR. RIEWE WANT TO DO, BECAUSE I'VE READ IT IN THE PAPERS, THEY WANT TO SAY THAT THE INDEMNITY IS NOT LIMITED TO THE VALUE OF THE ESTATE BUT IS ONLY LIMITED -- BUT IS LIMITED TO WHAT THEY GET FROM PRICEWATERHOUSE. SO, FOR EXAMPLE, IF WE PUT UP THREE AND A HALF MILLION DOLLARS --

THE COURT: OKAY.

MS. PIERSON: -- AND THEY GET SIXTY PER CENT OF THREE AND A HALF MILLION DOLLARS, THEY WANT IT LIMITED TO THAT. THAT IS LIKE SAYING THAT WE ARE ONLY GOING TO GET, IF THE INDEMNITOR WAS A PERSON, WELL, WE'RE GOING TO LIMIT IT TO THE LEG. YOU CAN'T HAVE THE WHOLE PERSON. YOU CAN'T HAVE ALL THE ASSETS OF THE ESTATE BEHIND YOUR INDEMNITY.

ALL WE'RE ASKING, WE HAVE NEVER ASKED FOR MORE THAN THIS, THAT THE RECEIVERSHIP WOULD INDEMNIFY US AGAINST THE PEOPLE THEY EITHER REPRESENT, CLAIM TO REPRESENT, HAVE ASSIGNMENTS FROM, OR HAVE BEEN DEALING WITH IN THE CLAIMS THAT THEY HAVE MADE. WE ARE NOT ASKING THEM TO INDEMNIFY US AGAINST SOMEBODY WE'VE NEVER HEARD OF AND THEY'VE NEVER HEARD OF. SO IT'S NOT REALLY ANY DIFFERENT FROM ANY OTHER INDEMNITY AGREEMENT. THAT'S REALLY ALL WE WANT.

THE COURT: WELL, MS. PIERSON, LET ME ASK YOU A QUESTION. WHY DIDN'T WE VISIT THIS ISSUE ON

MARCH THE 18TH?

MS. PIERSON: WE DID AND THERE WAS NO
OBJECTION TO IT. SO --

THE COURT: THAT'S MY RECOLLECTION, BUT, YOU
KNOW, IT WAS LATE IN THE DAY.

MS. PIERSON: NO, NO. WE AGREED TO IT THEN
AND, BETTER THAN THAT, IT HAS BEEN AGREED TO IN
EVERY DRAFT WE SENT OUT UNTIL LAST WEEK.

THE COURT: WHAT CAUSED THE DEPARTURE? IS
THERE SOMETHING --

MS. PIERSON: I GUESS SOMEBODY SENT A COPY TO
MR. GOLD.

THE COURT: IS IT SOMETHING YOU DID, MS.
PIERSON?

MS. PIERSON: NO, IT IS NOT. I DIDN'T DO
ANYTHING.

MR. MCKERNAN: COULD I GIVE A LITTLE HISTORY
--

MS. PIERSON: JUDGE, I NEED ONE THING TOO,
ONE OTHER THING. FIRST OF ALL, WE WANT TO RESOLVE
THE ISSUE. WE WANT THEM TO -- WE ARE NOT ASKING
THEM TO DO ANYTHING ILLEGAL. WE JUST WANT THEM TO
LIVE UP TO THAT AGREEMENT. NUMBER TWO, WE
DEFINITELY NEED FROM TEXAS TODAY, BECAUSE
LOUISIANA AND OKLAHOMA HAVE AGREED TO THIS, I NEED
TO KNOW, BECAUSE THEY HAVE NEVER MENTIONED
ANYTHING ELSE THEY HAVE GOT A PROBLEM WITH, IS
THIS THE UNIVERSE OF THEIR PROBLEMS. BECAUSE IF

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WE'RE -- I AM NOT GOING TO SIT HERE AND RESOLVE
THIS TODAY AND THEN NEXT WEEK MR. GOLD AND MR.
RIEWE HAVE ANOTHER PROBLEM. I NEED TO KNOW THIS
IS IT, AND THEN WE CAN TRY TO RESOLVE IT.

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THE COURT: ALL RIGHT. MR. MCKERNAN.

MR. MCKERNAN: YOUR HONOR, AS YOU RECALL WHEN
WE SETTLED THIS CASE, IT WAS LATE IN THE DAY, AS
YOU SAID, AND WE HAD BEEN AFTER IT A LONG TIME.

THE COURT: THAT'S CORRECT.

MR. MCKERNAN: AND THE ONLY THING I REMEMBER
ABOUT -- I DON'T REMEMBER SPECIFICALLY ANY
LANGUAGE. WE JUST -- YOU KNOW, LANGUAGE HAS TO BE
WORKED OUT, IF THERE IS ANY MISUNDERSTANDING ABOUT
IT. LIKE I KNOW THAT JAY AND I FELT LIKE THAT THE
LANGUAGE FROM THE E & O'S THAT THEY USED IN THAT
SETTLEMENT, WE HAD WORKED HARD AND THE COURT WAS
THERE WHEN WE ARRIVED AT THAT LANGUAGE, AND I
ASSUME THAT IS WHAT THE LANGUAGE IS GOING TO BE
HERE TODAY. OLLIE TELLS ME IT'S THE SAME
LANGUAGE.

NOW, ALL I CAN TELL YOU IS IS THAT WHEN I GOT
THE INFORMATION FROM THEM, I PASSED IT ON TO TEXAS
BECAUSE -- ON THE SETTLEMENT, BECAUSE TEXAS, THEY
ARE THE PEOPLE THAT HAVE TO DO WHAT THEY HAVE TO

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DO. AND, AS I UNDERSTAND IT, SOMEHOW IT MAY HAVE NOT HAVE GOTTEN FROM TEXAS, PLACES IN TEXAS, TO MAYBE TO MR. GOLD OR MR. RIEWE AND I DON'T KNOW THE REASONS FOR THAT AND AT SOME POINT I LEARNED THAT THE E & O SETTLEMENT HAD SOME PROBLEMS WITH THE INDEMNIFICATION. THEY DID, IN FACT, TRY TO CHANGE IT AND WE ARE WORKING ON THAT TOO.

AND I ASSUMED THAT THIS WAS GOING TO BE OKAY AND THEN I HAD HEARD INDIRECTLY THAT THERE WERE SOME PROBLEMS WITH IT, WITH THE LANGUAGE THAT SHE HAD PREPARED. SO I GOT A FEEL YESTERDAY WHAT IT WAS ABOUT AND I PASSED IT ON TO MARY OLIVE AND I

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ASKED THEM TO COME DOWN HERE TODAY, THE PEOPLE THAT REPRESENT THE STATE AND REPRESENT MS. JOHNSON WHO IS HERE -- WHO'S APPEARING ON BEHALF OF THE STATE AND WHO ARE IN COMMUNICATION WITH THE INSURANCE DEPARTMENT OVER IN TEXAS. SO THEY ARE THE ONES THAT CAN EXPLAIN TO YOU WHAT THE PROBLEMS ARE THEY HAVE --

THE COURT: WELL, WHAT DID THE PRESIDING JUDGE ADVISE.

MR. MCKERNAN: PARDON?

THE COURT: THE PRESIDING JUDGE OVER THE

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ESTATE, WHAT DID HE OR SHE PROVIDE, ORDAIN, OR
SUGGEST?

MR. MCKERNAN: I DON'T KNOW WHAT SHE SAID.

THE COURT: DO YOU HAVE A COPY OF THE ORDER?

MR. MCKERNAN: THERE'S NO ORDER.

MS. PIERSON: IT HASN'T BEEN SUBMITTED TO THE
COURT YET BECAUSE WE HAVEN'T SIGNED THE DOCUMENT
TO SUBMIT TO THE COURT.

THE COURT: WELL, THERE ARE NO PRELIMINARIES
THAT GO ON IN TEXAS?

MR. MCKERNAN: WELL, NO, THERE IS, I THINK,
THE PRELIMINARY --

THE COURT: THERE ARE NO MINUTES?

MR. MCKERNAN: HE CAN EXPLAIN IT TO YOU.
THERE IS A PRELIMINARY COMMUNICATION WITH THE
MASTER OVER THERE THAT MAKES RECOMMENDATIONS TO
THE JUDGE.

THE COURT: I KNOW BUT I NEED TO KNOW --
BECAUSE THE JUDGE MAY OR MAY NOT, NORMALLY
DOESN'T, ACCEPT WHAT THE MASTER SAYS. WHAT HAS
THE JUDGE DECIDED?

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MR. MCKERNAN: HAS NOT DECIDED ANYTHING YET.
THE SETTLEMENT IS NOT EFFECTUATED, SO, THEREFORE,
WE CANNOT PRESENT IT TO THE COURT.

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THE COURT: BUT WAIT A MINUTE NOW. THE JUDGES DON'T LOOK AT JUST FINAL ORDERS. THEY LOOK AT PRELIMINARIES, THEY LOOK AT -- NO DOUBT IN THE RECEIVERSHIP CASES THEY HAVE TO LOOK AT THE INTERIM ORDERS. THEY --

MR. MCKERNAN: I DON'T KNOW, JUDGE.

MS. PIERSON: YOUR HONOR, THIS IS THE SITUATION. IN ORDER -- WE WERE TOLD AND WE HAVE AN EMAIL FROM SOMEONE OUTLINING THE PROCEDURE. WE HAVE TO FIRST HAVE A WRITTEN SETTLEMENT AGREEMENT THAT WE HAVE SIGNED AND ARE WILLING TO ABIDE BY WHICH THEY WILL THEN SUBMIT TO A TEXAS COURT AND THEY ARE SUPPOSED TO SAY --

THE COURT: ANY COURT AT ALL?

MS. PIERSON: IT'S NEVER BEEN TO TEXAS. WE HAVEN'T GOTTEN PAST THE SIGNED DOCUMENT. WE CAN'T GET A DOCUMENT SIGNED.

THE COURT: WELL, MS. PIERSON, GIVE ME THE NAME OF THE COURT AND THE JUDGE AND THE DOCKET NUMBER AND I WILL --

MR. MCKERNAN: I THINK MR. GOLD CAN DO THAT.

MR. GOLD: I DON'T KNOW WHO IT IS.

MR. REYNAUD: BEFORE WE --

THE COURT: WELL, MS. PIERSON, YOU DIDN'T EVEN MAKE AN EFFORT?

MS. PIERSON: I'M GOING TO GET IT.

THE COURT: YOU DIDN'T MAKE AN ATTEMPT, MS. PIERSON?

MS. PIERSON: BEG YOUR PARDON?

THE COURT: YOU DIDN'T MAKE AN ATTEMPT OR
EFFORT TO FIND OUT WHO IS PRESIDING OVER THE
ADMINISTRATIVE ESTATE?

MS. PIERSON: THERE IS A JUDGE COOPER.

THE COURT: JUDGE COOPER. WHAT'S THE FIRST
NAME?

MS. PIERSON: MARGARET COOPER.

THE COURT: MARGARFT COOPER, OKAY.

MS. PIERSON: AND THIS IS THE SUIT NUMBER, IS
GV-204523.

THE COURT: 204523. AND THE STYLE, THE
CAPTION?

MS. PIERSON: THE STATE TEXAS V. AMCARE
HEALTH PLANS AND AMCARE MANAGEMENT, INC. IT'S
TRAVIS COUNTY, 200TH JUDICIAL DISTRICT.

THE COURT: ALL RIGHT.

MR. MCKERNAN: JUDGE, SHE'S NOT THE JUDGE ON
THIS ISSUE.

THE COURT: SHE IS NOT THE JUDGE?

MS. PIERSON: THEY TOLD ME SHE WAS.

MR. MCKERNAN: YOUR HONOR, COULD YOU JUST
HEAR FROM THEM? I THINK THEY CAN EXPLAIN IT.

THE COURT: OKAY, MR. MCKERNAN. I'M GOING TO
LET -- I WILL BE HAPPY TO HEAR FROM THEM BUT LET
ME FINISH WITH THIS SIDE FIRST AND THEN I WILL
MOVE IT TO THAT SIDE AND WE'LL GET SOMETHING DONE.
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YES, MR. REYNAUD.

MR. REYNAUD: THANK YOU, JUDGE. SEE MY HAND?

THE COURT: YOU RAISE YOUR HAND AND
CONGRATULATIONS ON YOUR NUPTIALS AND HERE YOU ARE
READY TO PROCEED AND FIGHT THE WHOLE WORLD.

MR. REYNAUD: I'M READY TO PROCEED.

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THE COURT: GOOD FOR YOU. HAVE YOU COMPLETED
YOUR PRESENTATION, MS. PIERSON?

MS. PIERSON: WITH WHAT -- I HAVE JUST
BEEN HANDED AN EMAIL.

THE COURT: MR. REYNAUD, MS. PIERSON IS NOT
FINISHED.

MR. REYNAUD: YES, MA'AM.

MS. PIERSON: THE STEP, THE PROCESS IN TEXAS
WAS OUTLINED IN AN EMAIL ON MARCH THE 23RD, ABOUT
FIVE DAYS AFTER WE ENTERED THIS SETTLEMENT
AGREEMENT IN AN EMAIL FROM BRIAN RIEWE, THIS IS
MR. RIEWE HERE, TO MR. JIM GEORGE, HAROLD GOLD,
ROBERT NUNNALLY, WHICH I GUESS IT WAS FORWARDED TO
BOB POWELL SUBSEQUENTLY ON THAT AFTERNOON.

HERE ARE THE STEPS. NUMBER ONE, I NEED THE
FINAL DRAFT OF THE SETTLEMENT AGREEMENT. WE
HAVEN'T GOTTEN THERE YET. NUMBER TWO, I'LL MEET

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WITH TDI TO GET INTERNAL APPROVAL OF THE
SETTLEMENT, WHICH WE DON'T HAVE. THREE, I WILL
FILE AN APPLICATION WITH THE RECEIVERSHIP COURT
FOR APPROVAL OF THE SETTLEMENT AND AUTHORITY FOR
SDR, THAT'S SPECIAL DEPUTY RECEIVER, TO EXECUTE
SETTLEMENT AGREEMENT. FOUR, THE APPLICATION WILL
BE SET ON THE SPECIAL MASTER'S SUBMISSION DOCKET,
AND THERE IS A DESCRIPTION OF HOW THAT OPERATES.
FIVE, I CAN EXPEDITE PORTIONS OF THIS PROCESS BUT
I CANNOT SHORTEN THE NOTICE OR OBJECTION PERIOD.

SO WHAT WE HAVE HERE IS FIVE STEPS INSTEAD OF
THE USUAL TWELVE STEPS, BUT WE HAVE NOT GOTTEN TO
STEP ONE. WE ARE TRYING TO GET TO STEP ONE AND
GET THIS AGREEMENT APPROVED IN A FORM THAT THEY
WILL EXCEPT. BECAUSE THEN THESE PEOPLE CAN GO

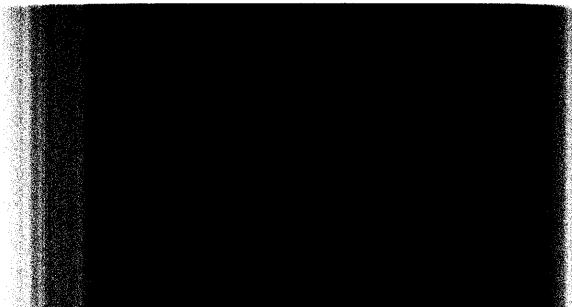
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FORWARD AND ADVOCATE --

THE COURT: SO NOTHING HAS HAPPENED SINCE THE
TIME WE LEFT THE SETTLEMENT CONFERENCE?

MS. PIERSON: YES, IT HAS, YOUR HONOR. WE
WORKED HAVE DILIGENTLY TO COME UP WITH A DRAFT FOR
SEVERAL DAYS, MAYBE TWO WEEKS. WE SENT IT TO THE
OTHER SIDE. THEY HAVE SENT BACK THEIR COMMENTS.
WE SOLVED ALL THOSE PROBLEMS. I PUT THE FINAL
DRAFT OF SETTLEMENT AGREEMENT WITH SIGNATURES AND
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SENT IT OUT AND THEN WE HEARD FROM MR. GOLD ABOUT THE INDEMNITY CLAUSE. THAT IS WHERE WE STAND.

THE COURT: THANK YOU, MS. PIERSON. LET ME HEAR FROM MR. REYNAUD.

MR. REYNAUD: YES, VERY BRIEFLY, YOUR HONOR. OUR NEGOTIATION PROCESS SINCE WE SETTLED ON MAY 9TH IS NOT AS MATURE AS THEIRS. BUT THERE ARE SOME OF THE SAME PROCESS PROBLEMS THAT PRICEWATERHOUSE IS HAVING, ON BEHALF OF PROSKAUER.

ON APRIL 21ST WE SUBMITTED A SETTLEMENT AGREEMENT WITH ONE GLARING GAP, THE AMOUNT. THIS IS WELL BEFORE WE HAD REACHED THE AMOUNT. BUT, NEVERTHELESS, IT WAS BASED ON THE PRICEWATERHOUSE DRAFT AND EITHER THE PEARCE DRAFT OR THE ACTUAL PEARCE SETTLEMENT, IN GREAT MEASURE. WHEN WE FINALLY REACHED AN AMOUNT ON MAY 9TH, I SAID ON THE RECORD TO MR. MCKERNAN, YOU KNOW, WE HAVE SENT YOU A DRAFT ON APRIL 21ST. THIS IS WHERE WE'LL START. I SAID IT WAS STRAIGHTFORWARD AND NO ONE SAID ANYTHING TO THE CONTRARY.

SO WE ASSUMED WE WOULD BE WORKING WITH THE EXECUTED PEARCE DOCUMENT AND WHAT WE THOUGHT WAS A VERY CLOSE -- WE KNEW THE DIRECTORS AND OFFICERS

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WERE FAR APART, BUT WE THOUGHT PRICEWATERHOUSE WAS
CLOSER. SO THAT'S WHAT WE WERE WORKING WITH. THE
FIRST COMMENTS THAT I HAVE RECEIVED TO THAT DRAFT
WERE TODAY IN ANTICIPATION OF THIS CONFERENCE, AND
THANK GOD WE ARE HAVING THIS CONFERENCE. SO I
VIEW THIS TODAY AS MORE OF A SETTLEMENT CONFERENCE
WHERE THE COURT COULD HELP.

THE COURT: AN ADDITIONAL SETTLEMENT
CONFERENCE.

MR. REYNAUD: WELL, BECAUSE NOW WE HAVE NEW
PLAYERS. AND UNFORTUNATELY I SHARE MS.
PIERSON'S --

THE COURT: NEW PLAYERS BUT SAME PARTIES.

MR. REYNAUD: WELL, MR. GOLD AND MR. RIEWE
HAVE COME ON THE SCENE.

THE COURT: I THINK THEY'VE BEEN HERE BEFORE.

MR. REYNAUD: WELL, WE DIDN'T KNOW THAT THEY
HAD ANY INPUT INTO THE SETTLEMENT PROCESS UNTIL
THE LAST TWO OR THREE DAYS.

THE COURT: ALL RIGHT.

MR. REYNAUD: SO NOW I WILL GET TO THE
SUBSTANCE, THE INDEMNITY. AS FAR AS WE KNOW, THE
INDEMNITY IS THE ONLY ISSUE. THE FIRST ISSUE IS
THE AMOUNT OF THE INDEMNITY. IS IT THE AMOUNT
THAT EACH PARTY SETTLES OR IS IT INDEMNITY FOR THE
FULL AMOUNT OF WHATEVER IS IN THE ESTATE. I HAVE
NEVER SEEN A SETTLEMENT WHERE YOU ONLY GET AN
INDEMNITY FOR THE AMOUNT BY WHICH YOU SETTLE,
WHICH IN THIS CASE WOULD ONLY BE \$600,000.00 WHICH
IS THE TEXAS PORTION.

SECONDLY, ARE THE AMCARECO SHAREHOLDERS PART
OF THE PEOPLE FROM WHOM THE CLAIMS ARE BEING

INDEMNIFIED. IT WOULD SEEM LOGICAL THAT THAT WOULD BE THE CASE SINCE THE RECEIVERS ARE OR STAND IN THE SHOES OF THE THREE HMOS.

THIRD, CREDITORS. WE HAVE HEARD HERE IN THIS COURT, WE'VE HEARD IN TEXAS, OH, WELL, WE HAVE STANDING TO BRING THE CREDITORS CLAIMS. WELL, WE SURE BETTER HAVE INDEMNITY FROM ANY CREDITORS. LET'S SAY OUR LADY OF THE LAKE DECIDED TO FILE ITS OWN CLAIM, WHICH I THINK I COULD DO SOMETHING ABOUT BECAUSE IT'S MY CLIENT, BUT NEVERTHELESS, LET'S SAY THEY WANTED TO DO THAT. WELL, WE CERTAINLY WANT THIS TO BE A RELEASE OF ALL CLAIMS FROM ANY CREDITORS OF THOSE WHO ARE CLAIMANTS. SO WE WOULD LIKE THAT TO BE INDEMNIFIED.

AND THE LAST PART, WHICH I GUESS IS THE TOUGHEST PART, WOULD BE INDEMNITY FROM OTHER PARTIES TO THE LAWSUIT. THE SETTLING PARTIES DON'T HAVE A RIGHT TO SUBROGATE BUT WHAT IF HEALTH NET WANTED TO FILE A CLAIM AGAINST US. SO THOSE ARE THE SUBSTANTIVE ISSUES OF THE INDEMNITY. WE WANT TO BE INDEMNIFIED JUST LIKE ANY IN EVERY OTHER SETTLEMENT AGREEMENT FROM ALL THOSE CLAIMS. WE DRAFTED A SETTLEMENT AGREEMENT TO THAT END,

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SENT IT OUT ON APRIL 21ST, AND TODAY IS WHEN WE
HEARD THE FIRST RESPONSE.

THE COURT: ALL RIGHT.

MR. MCKERNAN: JUDGE, I WANT THEM GO AHEAD
AND SPEAK, BUT IF YOU REMEMBER HOW WE SETTLED THE
E & O BECAUSE YOU WERE THERE THAT WHOLE TIME, THE
ONLY WAY WE WERE ABLE TO GET THE SETTLEMENT AGREED
TO IS WE AGREED THAT THE SETTLEMENT -- THE
INDEMNITY WOULD BE MADE IN ACCORDANCE WITH LAW.

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DO YOU REMEMBER THAT, JUDGE? AND TEXAS, THE
PARTIES I TALKED TO AT TEXAS AT THE TIME, AGREED
TO THAT. WE THOUGHT IT WOULD BE A PROTECTION TO
US.

THE COURT: WHEN DID THEY CHANGE FROM THAT?

MR. MCKERNAN: I THOUGHT MARY OLIVE'S
SITUATION WAS SIMILAR TO THAT, JUST LIKE IT, AND
THEN I SENT IT OVER AND HERE WE ARE TODAY AND I
CAN'T TELL YOU ALL THE REASONS WHY WE ARE HERE
TODAY. ALL I CAN TELL YOU IS THAT IT IS A SERIOUS
ISSUE WITH THE STATE OF TEXAS.

THE COURT: ALL RIGHT. LET ME HEAR FROM THE
TEXAS INTEREST. MAKE YOUR APPEARANCE FOR THE
RECORD, PLEASE, SIR.

MR. GOLD: YOUR HONOR, HAROLD GOLD ON BEHALF
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OF JEAN JOHNSON, SPECIAL DEPUTY RECEIVER OF AMCARE
HEALTH PLANS OF TEXAS, INC. AND AMCARE MANAGEMENT
COMPANY.

THE COURT: YES, SIR.

MR. GOLD: I AM ALSO NAMED COUNSEL FOR MS.
JOHNSON IN THE LAWSUIT PENDING IN THE DISTRICT
COURT IN AUSTIN, TEXAS.

THE COURT: ALL RIGHT, SIR.

MR. GOLD: IT SHOULD COME TO SURPRISE TO NO
LAWYER IN THIS COURTROOM MY INVOLVEMENT BECAUSE I
GET COPIED ON ALL THEIR EMAILS, ON EVERYTHING THAT
HAPPENS IN THIS COURT.

THE COURT: OKAY.

MR. GOLD: BUT THEY CAN GO CHECK THEIR
EMAILS, I GET EVERYTHING. I REVIEW EVERY
DOCUMENT.

THE COURT: WELL, ALL THESE LAWYERS ARE NOT

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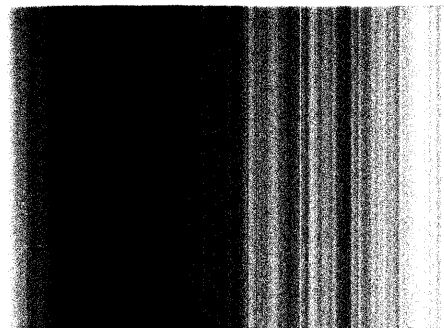
COMPUTER LITERATE, ESPECIALLY MR. PERCY. BUT
ANYWAY. ANYWAY, GO AHEAD.

MR. PERCY: I STIPULATE TO THAT, YOUR HONOR.

THE COURT: ANYWAY.

MR. GOLD: I HAVE ONLY INTRODUCED MYSELF TO
MS. PIERSON TODAY, SO PERHAPS SHE'S A LITTLE

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CONFUSED. NOTHING I HAVE TODAY --

THE COURT: IT WON'T TAKE HER LONG TO GET
UNCONFUSED. THAT'S THE GOOD NEWS.

MR. GOLD: NOTHING I HAVE SAID AND NOTHING I
AM GOING TO SAY IS ON MY PERSONAL BEHALF. I HAVE
NOT RAISED ANY ISSUES ON MY BEHALF.

THE COURT: OKAY.

MR. GOLD: EVERYTHING I SAY AND I DO IS ON
BEHALF OF JEAN JOHNSON AS SPECIAL DEPUTY RECEIVER,
AND IT IS HER POSITION AND HER POSITION ALONE THAT
I ADVOCATE.

THE COURT: I UNDERSTAND, SIR. NOW IS SHE
PRESENT?

MR. GOLD: SHE IS NOT.

THE COURT: ALL RIGHT. WAS SHE NOTIFIED?

MR. GOLD: YES.

THE COURT: ALL RIGHT. LET'S PROCEED.

MR. GOLD: I HAVE DETAILED AT LENGTH FOR
MR. POWELL WHY THE INDEMNITY PROVISION HE INCLUDED
IN HIS DRAFT IS NOT WORKABLE UNDER TEXAS LAW. AS
I READ THE TRANSCRIPT OF THE PROCEEDINGS IN THIS
COURT, THE SETTLEMENT AGREEMENT HAS TO BE
SUBMITTED TO THE COURT IN TEXAS. I CANNOT
KNOWINGLY SUBMIT TO THAT COURT A DOCUMENT THAT I
KNOW IN MY VIEW DOES NOT COMPLY WITH THE LAWS THAT
STATE.

THE COURT: WELL, OF COURSE YOU CAN,
COUNSELOR.

MR. GOLD: NO, YOUR HONOR, I CANNOT.

THE COURT: LAWYERS DO THAT EVERY DAY. THEY
MAKE ALLEGATIONS AND THEY MAKE RECOMMENDATIONS AND
THEY MAKE -- THEY EXPRESS THEIR OPINION AND THEN,
AS I BELIEVE, THEN THE COURT MAKES A DECISION.

MR. GOLD: I DO IT A LITTLE DIFFERENT, YOUR
HONOR. I ONLY SUBMIT WHAT IN GOOD FAITH I BELIEVE
IS AN EXPANSION OF THE LAW --

THE COURT: WELL, OKAY. THAT IS PROBABLY
PART OF THE PROBLEM. HERE'S WHAT WE'RE GOING TO
DO, COUNSEL.

MR. GOLD: BUT IF IT IS ILLEGAL, I DO NOT.

THE COURT: HERE'S WHAT WE'RE GOING TO DO --
ISN'T THAT A DETERMINATION FOR THE COURT? DOESN'T
A JUDGE DO THAT?

MR. GOLD: THE JUDGE RULES ON THE AGREEMENT
THAT IS SUBMITTED BEFORE IT.

THE COURT: OH, NO, THE JUDGE IS DUTY BOUND
TO MORE THAN JUST RULE ON AN AGREEMENT.

MR. GOLD: IT FIRST GOES TO THE --

THE COURT: BUT, ANYWAY, WHAT IS THE PROBLEM?
LET'S GET TO THE CRUX OF THE MATTER, SIR.

MR. GOLD: THE PROBLEM IS THAT IF THIS
INDEMNITY AGREEMENT AS WRITTEN IS SUBMITTED, NOT A
DIME WILL GO TO INSUREDS WHO ARE HEALTHCARE
POLICYHOLDERS FOR AT LEAST TWENTY YEARS BECAUSE
THAT IS THE STATUTE OF LIMITATIONS OF CLAIMS

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AGAINST PRICEWATERHOUSECOOPERS AND THEY ARE ASKING
FOR A FIRST PRIORITY ON ALL OF THE MONEY AND THE
ESTATE OF THE TEXAS RECEIVERSHIP.

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THE COURT: WAIT A MINUTE. DO YOU HAVE THAT
IN THERE, MS. PIERSON?

MS. PIERSON: I DON'T KNOW -- EXCUSE ME, YOUR
HONOR. I DON'T KNOW --

THE COURT: TWENTY YEARS?

MS. PIERSON: I DON'T KNOW WHAT MR. GOLD IS
TALKING ABOUT. WE KNOW WHAT THE STATUTE OF
LIMITATIONS IS. AND, YOU KNOW, WE IF WE JUST
DIDN'T SIGN THIS SETTLEMENT FOR A YEAR AND A HALF
MORE, IT WOULD BE OVER. TWENTY YEARS? THIS IS
NOT CHILD ABUSE AFTER THE AGE OF EIGHTEEN.

THE COURT: DON'T LET THE LEGISLATURE ADJOURN
SINE DIE BECAUSE IT WILL BE FORTY-FIVE.

MS. PIERSON: I DON'T REALLY KNOW WHAT MR.
GOLD IS TALKING ABOUT.

MR. GOLD: WELL, IF SHE WOULD LET ME FINISH,
I WILL HELP TO EDUCATE HER.

THE COURT: THAT'S GOING TO BE A HARD THING
TO DO. I'VE BEEN TRYING TO EDUCATE HER FOR A LONG
TIME AND I HAVEN'T BEEN SUCCESSFUL.

MR. GOLD: I AM ETERNALLY OPTIMISTIC.
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THE COURT: ALL RIGHT.

MR. GOLD: THAT WAS AN HMO. THESE WERE SICK PEOPLE. IF WE ARE GOING TO DEAL IN THEORETICS OF WHAT PEOPLE CAN ASSERT, THEN SOMEONE WHO DID NOT GET COVERAGE FROM THIS HMO WHO SUFFERED BODILY INJURY, WHO WAS AN INFANT, HAS UNTIL EIGHTEEN YEARS OF AGE PLUS TWO YEARS TO ASSERT A CLAIM AGAINST ANYONE THAT THEY BELIEVE IS RESPONSIBLE FOR THEIR INJURY.

THE COURT: WELL, LET ME ASK YOU A QUESTION. IF YOU ALL WANT TO HOLD IN ABEYANCE THE

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DISBURSEMENT OF YOUR PRO RATA SHARE OF WHATEVER THE SETTLEMENT AMOUNT IS FOR TWENTY YEARS AT INTEREST, AND I AM SURE YOUR CLERK OF COURT CAN GET THE BEST INTEREST DOLLARS, THAT SHOULD NOT NEGATE OR STOP THE SETTLEMENT FROM GOING FORWARD; IS THAT CORRECT?

MR. GOLD: WE DON'T WANT TO ABATE. WE WANT TO DISTRIBUTE THE SETTLEMENT PROCEEDS. THAT IS WHY WE SUED THE PEOPLE. THAT'S WHY WE SETTLED WITH THEM.

THE COURT: BUT WAIT A MINUTE. BE QUIET, MS. PIERSON. SO WHY IS IT THAT YOU NOW NOT WANT TO

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SETTLE?

MR. GOLD: WE DO WHAT TO SETTLE. WE ARE TRYING VERY HARD TO SETTLE.

THE COURT: SO WHAT IS PREVENTING THE SETTLEMENT BESIDES YOU?

MR. GOLD: NOT ME. IT IS NOT ME.

THE COURT: WELL, THAT'S WHAT MS. PIERSON SAID. WELL, MS. JOHNSON THEN. WHY IS SHE PREVENTING THIS SETTLEMENT? EXPLAIN IT TO ME.

MR. GOLD: HOW IS SHE SUPPOSED TO BE ABLE TO MAKE A DISTRIBUTION OF THE PROCEEDS OF THE ESTATE WHEN SHE HAS TO RESERVE ON THE BOOKS OF THE COMPANY AN UNLIMITED RESERVE FOR INDEMNITY? NOW, IF PWC, AND I HAVE OFFERED THIS TO THEM, IF THEY ARE GOING TO WAIVE THEIR RIGHT TO ASSERT INDEMNITY SO THAT THE INSURED CAN RECEIVE PAYMENT ON THEIR ADJUDICATED CLAIMS, WE HAVE NO PROBLEM. THEY WON'T DO THAT.

THEY ARE GOING TO OBJECT TO ANY DISTRIBUTION AS LONG AS THERE IS A RISK. MS. PIERSON SAID IT

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HERSELF, WE ONLY GET INDEMNIFIED FOR WHAT IS LEFT IN THIS ESTATE. ARE THEY GOING TO LET THE RECEIVER EMPTY OUT THE ESTATE BY PAYING INSURED ON THE ADJUDICATED CLAIMS? IF I CAN GET HAPPEN
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ANSWER TO THAT, WE'RE DONE.

THE COURT: WAIT A MINUTE. LET ME MAKE SURE I UNDERSTAND. YOU WANT MS. PIERSON TO AGREE TO WAIVE ALL CLAIMS IN INDEMNITY ABOVE AND BEYOND WHAT WAS SETTLED HERE OR CONTEMPLATED HERE IN PERPETUITY?

MR. GOLD: NO.

THE COURT: THAT'S NOT WHAT YOU SAID?

MR. GOLD: NO. AS SOON AS THERE IS --

THE COURT: HOW MUCH DID YOU AGREE TO SETTLE WITH MARY OLIVE FOR?

MR. GOLD: \$3.5 MILLION.

THE COURT: NOW YOU WANT TO TAKE YOUR \$3.5 MILLION AND YOU WANT TO SPEND IT TOMORROW. AND AFTER TOMORROW YOU WANT TO LEAVE MS. PIERSON WITH WHAT?

MR. GOLD: WHATEVER IS LEFT IN THE ESTATE.

THE COURT: WHAT IS LEFT IN THE ESTATE?

MR. GOLD: AFTER ALL THE -- AFTER THE PAYMENT OF --

THE COURT: WHAT IS LEFT? TELL ME SPECIFICALLY WHAT IS LEFT.

MR. GOLD: I SUSPECT THERE WILL BE ZERO BECAUSE THERE WILL NEVER BE ENOUGH MONEY IN THE ESTATE TO PAY ADJUDICATED CLAIMS.

THE COURT: ALL RIGHT. SO YOU ALL REFUSE TO SETTLE?

MR. GOLD: NO, ABSOLUTELY NOT. WE ARE TRYING

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TO SETTLE.

THE COURT: AND WANT YOU WANT IS EITHER TO HAVE THE LANGUAGE YOU WANT INCLUDED IN THE SETTLEMENT AGREEMENT OR THERE WILL BE NO SETTLEMENT; IS THAT WHAT YOU'RE SAYING?

MR. GOLD: I DIDN'T SAY THAT EITHER.

THE COURT: I AM ASKING THAT QUESTION. WHETHER YOU SAID IT OR NOT, I'M ASKING IT.

MR. GOLD: THE ANSWER IS NO.

THE COURT: OKAY. NOW TELL ME EXACTLY WHAT LANGUAGE THAT MS. PIERSON WILL HAVE TO REMOVE FROM THE SETTLING DOCUMENT IN ORDER FOR MS. JEAN JOHNSON TO GIVE YOU THE AUTHORITY TO SETTLE.

MR. GOLD: THAT THE INDEMNITY IS LIMITED TO THAT PORTION OF \$3.5 MILLION THAT THE TEXAS ESTATE ACTUALLY RECEIVES.

THE COURT: ALL RIGHT. NOW WHAT WAS THE ADVISORY FROM THE COURT PRESIDING OVER THE MATTER?

MR. GOLD: THE COURT DOES NOT GIVE ADVISORY OPINIONS.

THE COURT: THE COURT DOES NOT GIVE ADVISORY OPINIONS WITH RESPECT TO THE LIQUIDATION OF THE ESTATE?

MR. GOLD: THAT IS CORRECT.

THE COURT: THE COURT DOESN'T SIGN OFF ON THE EXPENDITURES EITHER?

MR. GOLD: THAT IS WHAT THIS PROCESS IS

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ABOUT. WHEN SUBMITTED --

THE COURT: WAIT, WAIT, WAIT. THE COURT DOESN'T PAY THE RECEIVERS OR THE LIQUIDATORS OR THE -- THEY DON'T PAY FOR THE APPRAISERS OR THE ATTORNEYS OR DURING THE ESTATE THEY DIDN'T DO ANY

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OF THE ADMINISTRATION?

MR. GOLD: MR. RIEWE WE CAN ANSWER THAT.

THE COURT: NO, I'M ASKING YOU. JUST TELL ME.

MR. MCKERNAN: HE DOESN'T KNOW.

MR. GOLD: THAT'S NOT MY AREA OF --

THE COURT: MR. MCKERNAN, WOULD YOU PLEASE LET ME ASK HIM. PLEASE, SIR. I AM TRYING TO UNDERSTAND.

MR. GOLD: AND I AM TRYING TO HELP YOU UNDERSTAND, YOUR HONOR.

THE COURT: OKAY, GOOD. THEN ANSWER --

MR. GOLD: MR. RIEWE IS THE ESTATE COUNSEL. THAT'S WHAT HE DOES. HE DEALS WITH --

THE COURT: THAT'S FINE. I WANT TO KNOW WHETHER OR NOT THE JUDGE WHO PRESIDES OVER THERE HAS TO LOOK AT THESE FIGURES, HAS TO LOOK AT THE ESTATE, HAS TO LOOK AT THE BALANCES, HAS TO LOOK

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AT THE BILLS THAT COME IN MONTHLY AND MAKE A
DECISION AND A DETERMINATION AND LOOK AT THE
BOTTOM LINE AND PROJECT OUTWARD. YES OR NO?

MR. GOLD: I BELIEVE THAT IS THE CASE. A
DETAILED, I DO NOT KNOW. MR. RIEWE WE CAN TELL
YOU.

THE COURT: OKAY. THAT'S FINE. THANK YOU
VERY MUCH. YOU MAY BE SEATED. ANYTHING FURTHER,
MS. PIERSON?

MS. PIERSON: YOUR HONOR, I WANT TO GO BACK
TO TWO POINTS.

THE COURT: ALL RIGHT.

MS. PIERSON: THE IDEA THAT MR. GOLD SAYS
THAT MS. JEAN JOHNSON CANNOT SIGN LANGUAGE THAT WE

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HAVE PROPOSED, SHE HAS ALREADY DONE THAT WITH DR.
PEARCE. THEY HAVE A SIGNED AGREEMENT WITH HER
NAME SIGNED ON IT.

THE COURT: DID YOU GIVE HIM A COPY OF IT?

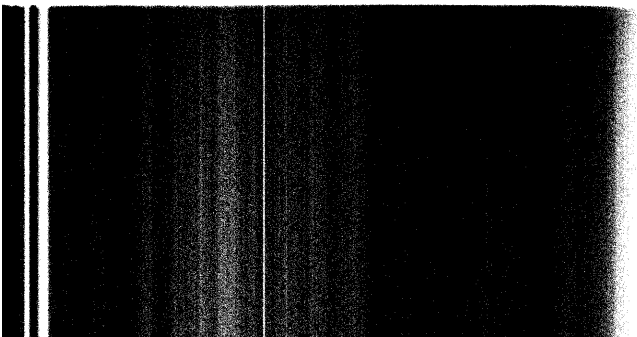
MS. PIERSON: WE GOT A COPY FROM THEM.

THE COURT: WELL, WHY IS HE SAYING THAT, MS.
PIERSON?

MR. REYNAUD: THEY SIGNED IT.

MS. PIERSON: MS. JOHNSON SIGNED IT.

THE COURT: BUT WHY IS HE SAYING THAT?
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MS. PIERSON: WELL, HOW COULD SHE SIGN WITH THIS LANGUAGE IN ONE AGREEMENT AND SHE CAN'T SIGN IT WITH US, I CAN'T ANSWER THAT QUESTION. THE OTHER ISSUE IS -- I WANT TO GO BACK TO THESE SICK PEOPLE. THIS IS NOT ABOUT SICK PEOPLE. THIS IS ABOUT PROVIDERS.

THE COURT: I KNOW THAT. MS. PIERSON, I PRESIDE OVER THESE PROCEEDINGS. I UNDERSTAND, HAPPILY OR UNHAPPILY.

MS. PIERSON: OKAY. AND IF THERE IS AN INFANT TODAY THAT GETS SICK, I DON'T -- THE ONLY WAY THEY ARE GOING TO STICK MY CLIENT PWC IS IF THAT INFANT RELIED ON THESE AUDIT REPORTS THAT WE GAVE OUT WHICH SAID THIS COMPANY WAS GOING DOWN THE TUBE. SO THAT IS JUST MAKING UP A HYPOTHESIS TO KEEP YOURSELF FROM SIGNING AN AGREEMENT. THERE IS REALLY NOTHING FOR THEM TO BE AFRAID OF.

THE COURT: ALL RIGHT. LET ME HEAR FROM MR. MCKERNAN.

MR. MCKERNAN: NO. GO AHEAD.

THE COURT: MR. MCKERNAN --

MR. MCKERNAN: DID YOU WANT TO EXPLAIN --

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THE COURT: HAVE YOU COMPLETED YOUR

060205wool
PRESENTATION, MR. MCKERNAN?

MR. MCKERNAN: NO, I WANT MR. RIEWE TO
EXPLAIN TO YOU ABOUT THE RECEIVERSHIP SITUATION
AND HOW IT'S HANDLED OVER THERE. WOULD YOU
LIKE -- WELL, I DON'T THINK IT'S THAT IMPORTANT
THEN.

MS. PIERSON: I HAVE A SOLUTION.

MR. MCKERNAN: WELL, LET ME --

MS. PIERSON: THEY CAN TAKE THE PEARCE
LANGUAGE AND PUT IT IN OUR DOCUMENT AND WE WILL
TAKE IT.

MR. MCKERNAN: WE WILL TELL YOU ABOUT THE
PEARCE LANGUAGE, YOUR HONOR.

THE COURT: ALL RIGHT.

MR. GOLD: YOUR HONOR, IT'S MY
UNDERSTANDING -- FIRST, THE PEARCE AGREEMENT HAS
NOT BEEN SUBMITTED TO THE TEXAS COURT. I WOULD BE
SURPRISED IF THE COURT APPROVES IT.

MS. PIERSON: I WILL BE SURPRISED IF MS.
JOHNSON'S SIGNED IT IN BAD FAITH.

MR. GOLD: MAY I FINISH?

THE COURT: WHEN WAS IT CONFECTED? PLEASE,
COUNSEL. WHEN WAS THE PEARCE AGREEMENT CONFECTED?

MS. PIERSON: MAY THE 4TH, 2005, MS. JEAN
JOHNSON, SPECIAL DEPUTY RECEIVER FOR AMCARE HEALTH
PLANS OF TEXAS AND AMCARE MANAGEMENT, INC. IN
FRONT OF THE NOTARY PUBLIC TARA M. BENDER,
COMMISSION EXPIRES JULY 23RD, 2008, SIGNED THIS
AGREEMENT MEANING SHE APPROVED IT AND I ASSUME SHE
DID IT WITH THE ADVICE OF HER COUNSEL.

THE COURT: LET ME SEE A COPY OF IT. FILE IT

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IN THE RECORD, MR. CLERK, PWC-1.

MR. GOLD: I REFERENCE PARAGRAPH ROMAN NUMBER
IV. I HAVE AN EXTRA COPY, YOUR HONOR.

THE COURT: LET ME SEE THE WHOLE THING, MS.
PIERSON, BECAUSE I DON'T WANT YOU TAKING ADVANTAGE
OF FOLK.

MR. WALTERS: YOUR HONOR, CAN I APPROACH?

THE COURT: RIGHT NOW?

MR. WALTERS: YES.

THE COURT: ALL RIGHT. MR. REYNAUD, YOU WISH
TO BE HEARD?

MR. REYNAUD: WELL, I WAS JUST GOING TO POINT
OUT TWO AREAS OF THE PEARCE AGREEMENT ALTHOUGH I
THINK THE INDEMNITY --

THE COURT: ORDER IN COURT, MS. PIERSON.

MR. REYNAUD: I ACTUALLY THINK THE INDEMNITY
LANGUAGE CAN BE IMPROVED FROM THE PEARCE
AGREEMENT, BUT THE DEFINITION OF CLAIMS AND THE
DEFINITION OF INCIDENT ARE QUITE BROAD. CURIOUSLY
ENOUGH, ALTHOUGH IN THEIR RESPONSE TODAY THEY HAVE
PULLED SOME THINGS OUT IN THE PEARCE AGREEMENT,
THEY DIDN'T INCLUDE THE DEFINITION OF CLAIMS OR
INCIDENT WHICH WOULD BE VERY HELPFUL AND MAYBE
CURE SOME OF THE INDEMNITY ISSUES. SO I JUST

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WANT, WHEN YOUR HONOR IS READING IT, READ THOSE
DEFINITIONS.

THE COURT: I READ IT ALREADY. OKAY, MR.
MCKERNAN, DO YOU WISH TO BE HEARD FURTHER?

MR. MCKERNAN: NO.

THE COURT: MR. GOLD, DO YOU WISH TO BE HEARD
FURTHER?

MR. GOLD: YOUR HONOR, WE'LL TAKE THE

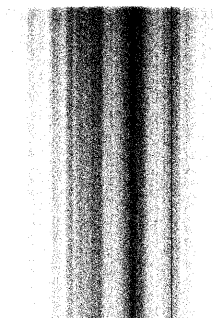
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TRANSCRIPT OF THE RECORD OF THE SETTLEMENT THAT
WAS PROVIDED TO US AS TO WHAT OCCURRED IN THIS
COURT AND WE WILL SUBMIT IT TO THE SPECIAL MASTER
IN AUSTIN AS THE AGREEMENT OF THE PARTIES FOR
APPROVAL OR REJECTION.

THE COURT: WELL, THAT'S FINE. YOU CAN DO
THAT IN ADDITION TOO, BUT THAT'S GOT NOTHING WITH
THE GOOD FAITH REPRESENTATION THAT COUNSEL, THAT I
ALLOWED IN HERE, AGREED TO DO. THAT'S ANOTHER
MATTER. I THINK THAT -- I DON'T KNOW WHAT THE
SPECIAL MASTERS DO OVER THERE, BUT I DO KNOW THAT
THE COURTS OF LAW ARE CONSTRAINED TO REVIEW THE
MINUTES AND THE PROCEEDINGS OF A SISTER COURT AND
MAKE A DETERMINATION BASED UPON THAT.

BUT ASIDE FROM THAT, WHAT BOTHERS ME IS THAT
COUNSEL, WHO I HAVE ALLOWED TO COME IN HERE PRO
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HAC VICE, WHICH IS AGAINST THE NORMAL ORDER OF THINGS -- AND THAT IS BECAUSE MOST OF THE LAWYERS WHO PRACTICE OUT OF STATE ARE NOT FAMILIAR WITH THE LOCAL RULES AND THE LOUISIANA LAW AND THE PROCEDURES AND GENERALLY THERE IS SOME CONFUSION. I WAS HOPING THAT THIS CASE WOULD NOT BE THAT WAY, BUT I FEARED AT THE OUTSET OF THE CASE THAT IT WOULD BE.

BUT THESE LAWYERS LABORED LONG AND HARD TO CONFECT SETTLEMENT AGREEMENTS IN THREE OR FOUR PORTIONS OR CLAIMS IN THIS CASE, MUCH TO THEIR CREDIT. THAT HAS BEEN DONE. BUT FROM THAT DATE TO THIS IT HAS NOT BEEN FINALIZED. THAT IS EGREGIOUS. JUSTICE DELAYED IS JUSTICE DENIED. THOSE POLICYHOLDERS AND CREDITORS HAVE A RIGHT TO BE PAID SEASONABLY, IF NOT CONTEMPORANEOUSLY, AND

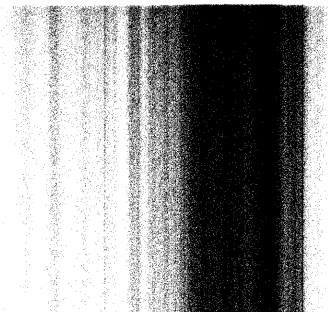
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IT APPEARS THAT THERE IS ANOTHER BREAKDOWN AND THIS TIME AT THE BEHEST OF LAWYERS, WHO ARE OFFICERS OF SOME COURT, EVEN IF NOT THIS COURT. IT'S VERY, VERY TROUBLESOME.

IT MAKES ONE GIVE PAUSE AND REFLECT UPON THE CRITICISM THAT WE GET DAILY ON THE RECORD AND IN CHAMBERS, ANONYMOUS AND SOMETIMES SIGNED, AS TO

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WHAT LAWYERS ARE DOING, NOT DOING, SHOULD BE
DOING, COULD BE DOING. IT'S BOTHERSOME.

NOW, HERE'S WHAT WE ARE GOING TO DO, MS.
PIERSON. WE ARE GOING TO SETTLE THIS CASE OR
WE'RE GOING TO TRY IT. AS YOU WELL KNOW, THE
COURT HAS MODIFIED THE ORDERS FOR TRIAL. AND
ALTHOUGH WE WILL BE IN SESSION FOR WOOLEY FROM
THIS DAY FORWARD, EVERY DAY WOOLEY WILL BE ON THE
DOCKET IN ONE FORM OR ANOTHER, BUT PIVOTALLY WE
HAVE SCHEDULED EVENTS ON JUNE 9TH, 10TH, 16TH,
THEREAFTER UNTIL THE STATE BAR CONVENES. BUT IF
ALL PARTIES WANT TO RECEDE FROM THE AGREEMENT, THE
COURT'S GOING ALLOW THEM TO RECEDE BUT THEY BETTER
BE PREPARED TO GO TO TRIAL ON THE 9TH.

AND THE COURT DOES NOT MIND EXPRESSING FOR
THE RECORD THAT IT'S ALMOST MIND BOGGLING THAT
LAWYERS OF THIS CALIBER ARE UNABLE TO CONFECT SOME
REASONABLE, RATIONAL SETTLEMENT LANGUAGE THAT IS
DONE EVERY DAY IN AT LEAST NINETY PER CENT OF THE
LAWSUITS, MR. WALTERS. IT'S JUST MIND BOGGLING.

AND THIS COURT RECALLS VERY VIVIDLY THE
SETTLEMENT CONFERENCES. ALL DAY. THE COURT DID
NOT LEAVE THE PARTIES TO THEIR OWN DEVICES BUT
INSTEAD PARTICIPATED, WAS ON HAND TO ASSIST EVERY
WAY IT COULD AND AN AGREEMENT WAS MADE ON THE

RECORD. AND TO HEAR OTHERWISE IS RATHER UNSETTLING AT THIS LATE DATE. HERE IT IS IN JUNE AND THIS OCCURRED BACK IN MARCH. IT'S RATHER UNNERVING.

BE THIS ALL AS IT MAY, THE COURT HAS A COPY OF THE TRANSCRIPT THAT OCCURRED AND THE COURT WILL TRANSMIT SUCH COPY TO ITS SISTER COURT, WHATEVER THE NAME OF THE FILE MIGHT BE, AND ASK THE COURT TO REVIEW THE MATTER AND MAYBE THE COURT CAN SUGGEST SOME LANGUAGE TO COUNSEL THAT MIGHT SATISFY IT, ALL PARTIES. NOW, IF THERE IS A BETTER SUGGESTION, THIS COURT WOULD LIKE TO HEAR IT. IF NOT, THAT'S WHAT I WILL DO.

MS. PIERSON: YOUR HONOR, WE WOULD ASK -- WE WILL PREPARE FOR THE COURT ALSO THE DOCUMENT WHICH WE HAD PREVIOUSLY SENT OUT AND ASK THAT THAT BE SENT ALONG WITH IT, THAT THIS WAS A REPRESENTATION OF WHAT WE WANTED. AND I HAVE THREE COPIES OF THAT HERE. AND I WOULD ALSO LIKE TO FIND OUT ON THE RECORD TODAY IF -- BECAUSE WE MAY ATTEMPT TO RESOLVE THIS AFTER COURT TODAY OR WHATEVER. CAN WE GET --

THE COURT: WHICH WOULD BE BETTER FOR ME AND BETTER FOR ALL THE PARTIES. OTHERWISE YOU GOT TO GET READY FOR TRIAL.

MS. PIERSON: CAN I GET A STATEMENT ON THE RECORD FROM TEXAS THAT IF WE RESOLVE THE INDEMNIFICATION CLAUSE, THERE IS NO OTHER PROBLEMS WITH OUR AGREEMENT?

THE COURT: WELL, LET ME TELL YOU SOMETHING,

060205wool
MS. PIERSON. MR. MCKERNAN HAS BEEN DONE HIS DEAD
LEVEL BEST. HE HAS BEEN FORTHRIGHT AND UP FRONT

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AND HE'S GIVEN YOU AND THIS COURT HIS FULL
COOPERATION. I THINK HE'S DONE A YEOMAN'S JOB.
HE OBVIOUSLY WAS UNAWARE OF THE UNDERLYING
UNDERCURRENT.

NOW, I DON'T KNOW HOW MUCH AUTHORITY HE HAS,
BUT LET'S JUST A FEW MINUTES AND LET HIM CONSULT
WITH HIS FOLK AND MAKE A DETERMINATION BEFORE WE
CALL UPON HIM TO ANSWER THAT QUESTION.

MR. MCKERNAN: YOUR HONOR, I WOULD LIKE TO
CLARIFY -- AND I APPRECIATE THAT. I TAKE THAT
OPPORTUNITY. I WOULD JUST LIKE TO CLARIFY FOR THE
RECORD SO IT IS -- IF IT'S UNCLEAR, IS THAT MARY
OLIVE, THE SPECIFIC LANGUAGE THAT IS IN THIS FINAL
DOCUMENT THAT YOU DREW UP, THE DAY THAT WE TALKED
AND WE REACHED THE SETTLEMENT, I DIDN'T
SPECIFICALLY CONCUR WITH ALL OF THAT LANGUAGE, AS
YOU WELL KNOW. ANYTHING IS SUBJECT TO
VERIFICATION.

NOW HAVING SAID THAT, IT WAS MY UNDERSTANDING
THAT IT WAS GOING TO BE THE LANGUAGE AS THE E &
O'S. I MADE NO JUDGMENT ON IT EITHER WAY, AND I
PASSED IT ON TO TEXAS. SO I DON'T WANT IT TO
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APPEAR, YOUR HONOR, THAT I AM SITTING UP HERE
BREAKING MY WORD AND --

THE COURT: IT DOESN'T APPEAR THAT TO THE
COURT, BUT WHAT OBVIOUSLY IS MR. REYNAUD'S
FRUSTRATION AND PROBABLY MS. PIERSON'S TOO IS, FOR
EXAMPLE, WHEN YOU SAY YOU PASSED IT ON TO TEXAS,
THEY THOUGHT THAT YOU WERE REPRESENTING TEXAS AND
HAD SOME AUTHORITY AND THEY TOOK IT TO MEAN, AS WE
DO NORMALLY, IF YOU ARE REPRESENTING THE PARTY,
YOU'RE THE BIG CHEESE, YOU'RE THE HORSE THAT COMES

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IN AT THE FINISH LINE AND THAT IS WHAT THEY TOOK
IT TO MEAN. NOW THAT MAY HAVE BEEN THEIR FAULT.
I DON'T KNOW THAT.

MR. MCKERNAN: WELL, I HAVE TO SEND
EVERYTHING TO THE CLIENT THAT I --

THE COURT: YEAH, AND THEY DON'T DO THAT, AS
YOU KNOW. OVER HERE, THEY DIDN'T DO THAT.

MR. MCKERNAN: I HAVE NEVER DONE IT BEFORE
HERE EITHER, BUT I'M DOING IT NOW.

THE COURT: SEE, THEY DON'T DO THAT. THEY
RUN THINGS, THEY RUN THEIR OWN CASES, AND THAT IS
WHAT THEY WERE THINKING. BUT ASIDE FROM THAT,
WE'LL PROCEED IN THAT FASHION, MR. MCKERNAN --

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MR. MCKERNAN: I WILL.

THE COURT: -- AND MS. PIERSON, AND WE WILL
CLARIFY ANY OTHER THINGS BECAUSE THIS IS GOING TO
BE THE LAST PROBLEM WE HAVE WITH THIS. OTHERWISE,
MR. MCKERNAN --

MR. MCKERNAN: YES, SIR.

THE COURT: -- LET'S GET READY. I KNOW IT'S
LATE IN THE DAY, BUT I AIN'T A SIR.

MR. MCKERNAN: I'M READY. I AM TRYING TO GET
READY.

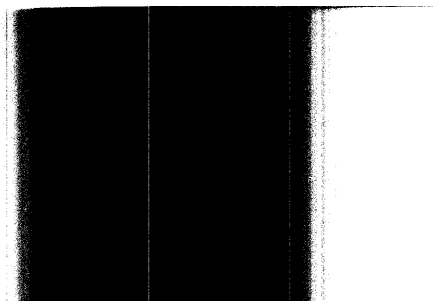
THE COURT: I STILL AIN'T A SIR. LATE IN THE
DAY, MR. PERCY, BUT I AIN'T A SIR. YOU WOULD
CONCUR WITH ME, WOULDN'T YOU? HE'S A MILITARY
MAN. HE UNDERSTANDS THE DIFFERENCE.

IN ANY EVENT, IF WE CAN'T SETTLE, IF WE CAN'T
GET THIS THING SETTLED, THEN WE HAVE A TRIAL
COMING UP. AND I DON'T WANT ANYBODY TO SAY THAT
THEY ARE NOT FAIRLY PUT ON NOTICE. ALL RIGHT, MS.
PIERSON.

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MS. PIERSON: ONE LAST POINT. I UNDERSTAND
WHAT MR. MCKERNAN IS SAYING. OUR POINT WAS THOUGH
THAT THE EXACT LANGUAGE OF THE INDEMNITY AGREEMENT
WAS APPROVED AND HE SAID HE THOUGHT IT WOULD BE
THE SAME AS THE D'S & O'S. I HAVE IN MY
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POSSESSION A COPY OF A FAX FROM JUNE 1ST AT 6:34 P.M. THIS IS A COPY OF THE LANGUAGE PROPOSED TO THE D & O SETTLEMENT BY THE PLAINTIFFS AND WE WILL TAKE THAT LANGUAGE TOO.

WHAT'S HAPPENING HERE IS I THINK WE GOT THE PEARCE LANGUAGE IS GOOD ENOUGH FOR US. THE PLAINTIFFS ARE PROPOSING THIS LANGUAGE TO THE D'S & O'S, IT'S GOOD ENOUGH FOR US, AND I DON'T KNOW WHY THEY DON'T WANT TO DO IT WITH US.

MR. GOLD: MAY I SEE IT, YOUR HONOR, BECAUSE I DRAFTED THE LAST SETTLEMENT AGREEMENT WITH A WENDELL CLARK --

THE COURT: SURE.

MR. GOLD: -- AND IT HAD THE SAME EXACT LANGUAGE THAT I PUT INTO THAT ONE.

THE COURT: TAKE A LOOK AT IT, SIR.

MR. REYNAUD: YOUR HONOR, ONE CLARIFYING POINT FOR PROSKAUER ROSE AND MR. ROSOW. A, WE HAVE NOT REACHED THE POINT THAT PRICEWATERHOUSE HAS, AS WE HAVE ONLY SEEN THE FIRST RESPONSE TODAY. SO WE ARE NOT THERE YET TO WHERE WE KNOW IF IT'S JUST THE INDEMNITY LANGUAGE.

SECONDLY, THE COURT HAS SUGGESTED THAT IT IS GOING TO SUBMIT THE TRANSCRIPT TO YOUR SISTER COURT IN TEXAS. THAT WOULD ONLY BE APPLICABLE TO TEXAS CLAIMS BECAUSE IT'S ONLY TEXAS THAT IS CREATING A PROBLEM HERE. YOUR HONOR WOULD HAVE

THE ABILITY TO APPROVE OR NOT APPROVE ANY
SETTLEMENT FOR THE LOUISIANA CLAIMS --

THE COURT: THAT'S CORRECT.

MR. REYNAUD: -- AND I ASSUME OKLAHOMA WOULD
BE HERE AS WELL. SO THAT IS ONLY A PIECE OF THIS
PUZZLE THAT IS GOING TO BE SUBMITTED THROUGH THAT
PROCESS, IF ULTIMATELY THE PARTIES CANNOT RESOLVE
IT.

SO FROM THAT STANDPOINT I WOULD LIKE, A,
PROSKAUER ROSE TO BE EXEMPTED FROM THIS PROCESS,
GIVING US SOME TIME TO TRY TO NEGOTIATE SOMETHING,
AND, B, MAKE SURE THE RECORD IS CLEAR THAT THAT'S
ONLY FOR TEXAS.

THE COURT: OKAY. NOW ONE OF THE THINGS I
THOUGHT WE WERE DOING, INASMUCH AS LOUISIANA AND
OKLAHOMA WERE REPRESENTED BY THE SAME COUNSEL, I
WAS GOING TO APPROVE, IN ACCORDANCE WITH THE
STIPULATION OF THE PARTIES, BOTH OF THOSE PLANS,
SEND IT OVER TO OKLAHOMA, GET FULL FAITH AND
CREDIT, AND MOVE ON FROM THAT. WE ARE GOING TO
SHORTCUT THAT PROCEDURE.

MR. REYNAUD: THAT WAS MY UNDERSTANDING AS
WELL.

THE COURT: THAT WAS MY UNDERSTANDING AT ALL
TIMES PERTINENT HERETO. BUT THE PROCEDURE WITH
TEXAS APPARENTLY JUST BECAME DIFFERENT OF LATE
BECAUSE YOU JUST FILED THE MOTION AND I SET IT
DOWN IMMEDIATELY. I THOUGHT THAT THERE HAD BEEN
Page 48

AGREEMENT AND THAT THIS MATTER WAS GOING TO BE PUT
TO REST LONG BEFORE WE ASKED FOR THE VENIRE. WE
ONLY ASKED FOR A HUNDRED AND SIXTY PEOPLE. NOW IF
THIS CLAIM IS BACK ON, WE'RE GOING TO NEED SOME

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ADDITIONAL VENIRE.

MR. REYNAUD: TO BOIL IT DOWN TO TWENTY
SECOND OR LESS, IT IS JUST RECENTLY, AND TRUE
ENOUGH WE DID SEE MR. GOLD'S NAME BUT DID NOT KNOW
THAT, QUOTE, HE WAS PLAYER IN THE PROCESS. IT
ONLY CHANGED IN THE LAST TWO WEEKS -- EXCUSE ME,
THREE WEEKS.

MS. PIERSON: ONE WEEK.

THE COURT: HE'S BEEN HERE A NUMBER OF TIMES.

MR. REYNAUD: AND HE COULD HAVE SAID
SOMETHING.

THE COURT: I KNOW, MR. REYNAUD, BUT MR. GOLD
I RECOGNIZE HIM. HE'S BEEN HERE A NUMBER OF TIMES
BUT HE NEVER WAS COUNSEL OF RECORD AND HE NEVER
WAS -- HE KNOWS THAT.

MR. REYNAUD: PLAYER IN THE SETTLEMENT
NEGOTIATIONS.

THE COURT: WELL, WHETHER HE'S A PLAYER OR
NON-PLAYER, YOU NEVER --

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MR. REYNAUD: I DID THAT IN QUOTES.

THE COURT: -- WHAT PEOPLE ARE AND WHAT THEY'RE DOING. THAT AIN'T THE POINT. THE POINT IS HE WAS NOT COUNSEL OF RECORD. I RECOGNIZED JERRY MCKERNAN AS COUNSEL OF RECORD.

MR. REYNAUD: AND I AGREE WITH YOU, YOUR HONOR, BUT THE -- THIS IS IN THE LAST WEEK WE HAVE LEARNED THAT THEY WANTED TO RESTRICT INDEMNITY IN A PLACE THAT I'VE NEVER BEEN IN IN ANY INDEMNITY AGREEMENT. THAT'S THE PROBLEM, IN TEN SECONDS OR LESS.

MR. GOLD: YOUR HONOR, IF I --

THE COURT: YES, SIR.

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MR. GOLD: THIS IS NOT THE LANGUAGE THAT I INCLUDED IN THE LAST DRAFT TO WENDELL CLARK THAT WE SENT APPROXIMATELY A MONTH AGO AND HAVE NOT HEARD BACK FROM ANY OF THE D'S & O'S ON.

MS. PIERSON: THIS IS -- I AM SORRY.

MR. GOLD: I DON'T KNOW WHERE THIS CAME FROM.

MS. PIERSON: THIS IS LANGUAGE THAT MR. CULLENS GAVE US A COPY OF THAT HE HAS PROPOSED BACK TO THEM. MR. CULLENS, A PLAINTIFF LAWYER.

THE COURT: I UNDERSTAND WHO MR. CULLENS IS, MS. PIERSON. THAT WOULD BE J. CULLENS. AND
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MR. CULLENS NEVER GAVE HIM A COPY OF THAT SO HE DIDN'T HAVE TO APPROVE OR -- MR. CULLENS NEVER KNEW HE HAD TO APPROVE OR DISAPPROVE IT. IS THAT THE PROBLEM?

MS. PIERSON: I GUESS SO BECAUSE I AM NOW SURPRISED TO FIND OUT THAT MR. GOLD -- I AM NOT CONFUSED. HE SAID I MIGHT BE. IF HE SAID HE HAS BEEN GETTING ALL THE EMAILS AND ALL THE CORRESPONDENCE SINCE FOREVER, MY QUESTION IS WHY DID HE WAIT UNTIL MAY 24TH TO SAY SOMETHING TO US.

MR. GOLD: MR. GOLD DID NOT. MR. GOLD AND MR. RIEWE FROM THE START ON EVERY SETTLEMENT AGREEMENT WE HAVE RECEIVED HAVE INCLUDED THE SAME EXACT LANGUAGE THAT IS IN THIS AGREEMENT.

THE COURT: OKAY. SO --

MS. PIERSON: THEN THERE IS A BREAKDOWN IN TEXAS BECAUSE WE HAVE NEVER GOT IT.

MR. GOLD: AND HAVE SENT IT TO THE PEOPLE WHO WERE RESPONSIBLE FOR CONCLUDING THE SETTLEMENT AGREEMENTS, WHICH WAS JIM GEORGE. WHAT HAS BEEN COMMUNICATED BETWEEN ANYBODY ELSE, I DO NOT KNOW

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AND WILL NOT MAKE ANY REPRESENTATION TO YOUR HONOR. BUT I CAN TELL YOU AND WILL THAT BRIAN

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RIEWE AND I ARE RESPONSIBLE FOR MAKING REGULATORY
RECOMMENDATIONS TO THE CLIENT AND HAVE ON EVERY
DRAFT --

THE COURT: WELL, WHO DOES JIM GEORGE
REPRESENT?

MR. GOLD: HE REPRESENTS MS. JOHNSON.

THE COURT: WELL, WHO DO YOU REPRESENT?

MR. GOLD: I REPRESENT MS. JOHNSON. MY PHASE
OF THE CASE IS REGULATORY COMPLIANCE.

THE COURT: AND WHO DOES MR. RIEWE REPRESENT?

MR. GOLD: MR. RIEWE IS ESTATE COUNSEL. HE
INTERACTS WITH THE RECEIVERSHIP COURT.

THE COURT: AND WHO DOES HE REPRESENT?

MR. GOLD: JEAN JOHNSON, THE SPECTAI DEPUTY
RECEIVER.

THE COURT: SO JEAN JOHNSON HAS FOUR LAWYERS.

MR. GOLD: SHE MAY HAVE MORE THAN FOUR
LAWYERS.

THE COURT: I'M TALKING ABOUT THIS CASE. I
DON'T CARE IF SHE HAS FOUR HUNDRED AND FORTY-FOUR
IN TEXAS, BUT IN THIS CASE HOW MANY DOES SHE HAVE?

MR. GOLD: BEFORE YOU SHE HAS TWO. SHE HAS
MR. MCKERNAN'S FIRM AND SHE HAS MR. GEORGE'S FIRM.

THE COURT: AND YOU'RE NOT BEFORE ME?

MR. GOLD: YOU'RE HEARING ME TODAY. I DID
NOT SEEK TO BE ADMITTED BECAUSE YOU MADE IT CLEAR
AT THE START THAT YOU DID NOT WISH TO HAVE THAT
MANY LAWYERS ADMITTED PRO HAC VICE.

THE COURT: YEAH, BUT YOU ARE HERE AND YOU
SAY YOU REPRESENT HER ON THE TEXAS SIDE AND SO

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YOU'RE ADVISING THE LAWYERS WHO REPRESENT MS. JEAN JOHNSON IN THIS MATTER THAT THEY ARE NOT -- THEY HAVE NO AUTHORITY TO SETTLE IN ACCORDANCE WITH THEIR AGREEMENT AND THEIR STIPULATION.

MR. GOLD: NO. WE'VE TOLD THEM WHAT NEEDS TO BE IN THE SETTLEMENT AGREEMENT. WE TOLD THEM WHAT THE NEGOTIATION LIMITS ARE.

THE COURT: OKAY. SO THAT THEY DIDN'T HAVE AUTHORITY TO ENTER INTO THAT SETTLEMENT?

MR. GOLD: THEY HAVE AUTHORITY TO ENTER INTO A SETTLEMENT. AS I READ THE SETTLEMENTS, THERE WERE DOCUMENTS TO BE DRAFTED LATER. THEY WERE NOT FINAL TERMS THAT WERE READ INTO THE RECORD BECAUSE THERE WAS NO CASE DISMISSED.

THE COURT: THERE WAS NO CASE DISMISSED.

MR. GOLD: THERE WAS NO CASE DISMISSED. THE SETTLEMENT AGREEMENT THAT WAS READ INTO THE RECORD DID NOT BECOME AN ORDER OF THE COURT. THEY GAVE ARE YOU AN OUTLINE FOR WHAT THE PARTIES HAD AGREED TO AND THEY WERE GOING TO DRAFT FINAL DOCUMENTS TO REFLECT THEIR AGREEMENT. THAT'S WHY I GOT DOCUMENTS. IF THE PEOPLE THOUGHT THERE WAS ALREADY AN AGREEMENT, IT WOULD BE THE TRANSCRIPT. AND, AS I SAID, WE ARE GLAD TO SUBMIT THAT TO THE TO SPECIAL MASTER IN TEXAS TO DETERMINE WHETHER

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HE'LL ACCEPT THE AGREEMENT OR NOT.

THE COURT: NOW THE SPECIAL MASTER IS OVER
JEAN JOHNSON?

MR. GOLD: YES. THE SPECIAL MASTER IS
APPOINTED BY THE DISTRICT COURT TO HEAR EVERYTHING
IN THE RECEIVERSHIP. HE ENTERTAINS OBJECTIONS.
HE MAKES RECOMMENDATIONS TO THE COURT. PEOPLE

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HAVE TEN DAYS OF HEARING OF HIS RECOMMENDATION TO
MAKE AN OBJECTION TO IT. IF THEY OBJECT, THE
DISTRICT COURT REVIEWS THE MATTER DE NOVO.

THE COURT: ALL RIGHT. SO, MR. MCKERNAN, THE
PROBLEM APPEARS THAT YOU DON'T HAVE CONTROL OVER
YOUR CLIENTS.

MR. MCKERNAN: WELL, AS IN ANY LITIGATION
YOUR HONOR, I DON'T DO EVERYTHING IN THIS
LITIGATION, AS YOU CAN IMAGINE. I AM PRETTY BUSY
OVER HERE IN LOUISIANA WITH THIS, AND
MR. GEORGE -- I AM NOT SURE EXACTLY WHAT HAPPENED
WITH THAT SITUATION.

THE COURT: WELL, WHAT PART DID MR. GEORGE
PLAY?

MR. MCKERNAN: I AM NOT SURE, BUT I THINK AT
SOME POINT HE GOT INVOLVED IN THE DISCUSSIONS AND
HE AGREED, MAYBE CONSENTED TO CERTAIN THINGS NOT
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KNOWING -- I DON'T KNOW, JUDGE. I DON'T KNOW. I HAVE NOT QUESTIONED HIM ON THIS ISSUE AT ALL.

MR. REYNAUD: YOUR HONOR, TO THAT END I WOULD LIKE TO GO AHEAD AND OFFER WITH MY -- I ADMIT THEY ARE MY HIGHLIGHTS BECAUSE I DON'T HAVE ANOTHER CLEAN COPY --

MR. MCKERNAN: WHAT IS IT YOU'RE OFFERING?

MR. REYNAUD: OUR PROPOSED SETTLEMENT, JUST SO SHE HAS THAT LANGUAGE.

THE COURT: LET IT BE FILED.

MR. REYNAUD: AND THE COVER LETTER IS APRIL 21 TO JIM GEORGE FROM PAT LOCHRIDGE. AND THAT WILL BE PROSKAUER AND ROSOW-1.

THE COURT: ALL RIGHT.

MR. MCKERNAN: JUDGE, I DON'T WANT TO IN ANY

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WAY BLAME MR. GEORGE, AND I WOULD HOPE THE COURT NOT MAKE ANY JUDGMENTS IN THAT REGARD. I HAVE NOT TALKED TO HIM ABOUT THE SPECIFICS OF THIS.

THE COURT: I KNOW, BUT, MR. MCKERNAN, YOU DO NO DOUBT SEE THAT OBVIOUSLY, OBVIOUSLY, NOT ONLY HAVE THE PARTIES IN THIS MATTER BEEN PREJUDICED BY WHAT HAS OCCURRED WITH THESE EVENTS BUT CERTAINLY THE COURT ITSELF AND ITS PERSONNEL. AND THESE

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MATTERS WERE SETTLED SEVERAL MONTHS AGO IN
ACCORDANCE WITH OUR ORDINARY PROCEDURE. AND EVEN
THOUGH -- WE ARE THE CAPITAL AND EVERY DAY WE
SETTLE CASES AND YOU TO TAKE IT BACK TO THE SENATE
AND WE GET THAT DONE BECAUSE AN AGREEMENT IS A
AGREEMENT. LIKE THEY SAY IN THE LEGISLATURE, A
DEAL IS A DEAL. BUT WE SAY THERE IS A
STIPULATION, THERE IS AN AGREEMENT, AND THE COURT
TOOK ITS OFFICERS, COURT OFFICERS AT THEIR WORD.

WE ARE NOT TALKING ABOUT PEOPLE WHO WERE
CONSCRIPTED INTO SERVICE OFF THE STREET. WE ARE
TALKING ABOUT NOBLE, LEARNED, WORTHY COUNSEL. AND
THIS MATTER IS JUST EGREGIOUS. NOW --

MR. REYNAUD: WELL, AT THE TIME --

THE COURT: WAIT, NOW, MR. MCKERNAN. YOU
REURGED THAT MOTION AT LEAST THREE TIMES TO ALLOW
MR. JIM GEORGE TO COME IN. WE HAD TOO MANY
PARTIES IN THIS COURT'S VIEW IN THE BEGINNING WHEN
YOU URGED IT. I DENIED IT AT LEAST TWO OR THREE
TIMES. THEREAFTER WE STARTED NARROWING THE FIELD
DOWN AND LETTING PARTIES OUT AND MANY, MANY
LAWYERS OUT. AND THE VERY LAST SETTLEMENT
CONFERENCE WE HAD MR. GEORGE OVER HERE AND WE
WORKED ALL DAY LONG AND LATE INTO THE EVENING. WE

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MAD SOME ACCOMPLISHMENTS.

ALL THAT IS FOR NAUGHT FOR SOMEBODY TO COME ALONG AND SAY WE DON'T LIKE THE LANGUAGE? MR. GOLD HAS BEEN HERE FOR A LONG TIME. I RECOGNIZE HIM, BUT HE WAS NOT IDENTIFIED TO THE COURT OR BY JEAN JOHNSON AS HAVING VETO POWER, AS TO HAVING -- AS TO BEING THE PERSON WHO DECIDES ON WHAT THE LANGUAGE IS GOING TO BE. BUT BE THAT ALL IS AS IT MAY, IT APPEARS TO THIS COURT THAT IT MAKES THIS COURT BELIEVE THAT THE RECEIVER HERSELF MAY NOT BE IN GOOD FAITH, AND I WILL HAVE TO CONDUCT A HEARING TO MAKE THAT DETERMINATION? I WOULD RATHER NOT HAVE TO DO THAT, MR. MCKERNAN.

I HAVE SPOKEN WITH MS. JOHNSON ON THE PHONE WHENEVER SHE'S CALLED. WE'VE GIVEN THE TEXAS PEOPLE A FAIR FORUM, OPEN ACCESS, GIVEN THEM EVERY OPPORTUNITY TO BE HEARD. AND TO HEAR THIS AT THIS LATE JUNCTURE IS A LITTLE UNNERVING. THESE ARE THE KINDS OF ACTIVITIES THAT CAUSES COURTS AND LAWYERS TO ENDURE UNDUE AND UNWARRANTED CRITICISM, UNNECESSARY EXPENSE AND DELAY, NONE OF WHICH MILITATES IN FAVOR OF ANY OF YOUR CLIENTS. NOW IF YOU WANT THIS COURT TO ISSUE A RULE NISI, I WILL, BUT IT APPEARS TO ME THAT MS. JOHNSON IS OUT OF ORDER.

MR. MCKERNAN: WELL, I AM NOT GOING TO AGREE WITH YOU ON THAT.

THE COURT: AND I DON'T EXPECT YOU TO AGREE.

MR. MCKERNAN: WHEN IT COMES TO THE FINAL ANALYSIS --

THE COURT: AND WHAT'S THE GOOD NEWS, MR.

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MCKERNAN, YOU DON'T HAVE TO AGREE. I DID WANT TO

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BROACH THE SUBJECT WITH YOU BECAUSE ALMOST EVERY TIME YOU HAVE ADDRESSED THIS COURT, YOU HAVE ASKED ME -- YOU HAVE ADDRESSED THIS COURT ON BEHALF OF MS. JOHNSON. I TREAT MS. JOHNSON LIKE I DO MR. HARRISON AND THE OTHER RECEIVERS. THEY HAVE A DIFFERENT RELATION WITH THE SEVERAL COURTS THAN ORDINARY LITIGANTS. I UNDERSTAND THAT AND YOU UNDERSTAND THAT. AND I GIVE THEM ACCESS THAT YOU COULDN'T DO WITH A REGULAR LITIGANT. AND NOW FOR MS. JOHNSON TO SAY THAT SHE IS REFUSING TO SIGN OR THAT YOU DIDN'T HAVE AUTHORITY AND JIM GEORGE DIDN'T HAVE AUTHORITY, SOME OTHER PEOPLE GOT SOME AUTHORITY WHO WERE HERE AND SHE DIDN'T DECLARE AND NOBODY ELSE DECLARED, THAT'S A LITTLE UNUSUAL AND UNTOWARD.

MR. MCKERNAN: WELL, I HAVE TO TAKE RESPONSIBILITY FOR ALL OF THAT. I WAS THE ONLY ATTORNEY HERE.

THE COURT: AND THAT'S FINE FOR YOU TO TAKE RESPONSIBILITY, BUT LET ME TELL YOU THE GOOD NEWS ABOUT A COURT --

MR. MCKERNAN: AND I SHOULD HAVE BEEN MORE PROACTIVE IN THAT REGARD.

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THE COURT: THE GOOD NEWS ABOUT A COURT IS THAT PRESIDES NOT ONLY OVER ITS OFFICERS BUT THE LITIGANTS, THE WITNESSES, AND THE OTHER PERSONS ASSOCIATED IN AND BEFORE IT OR THOSE WHO REFUSE TO COME BEFORE IT. AND, MR. MCKERNAN, I JUST THINK IT'S --

MR. MCKERNAN: PARDON?

THE COURT: I THINK IT IS EGREGIOUS FOR YOUR CLIENT TO DO THAT. NOW, HERE'S WHAT I AM GOING TO

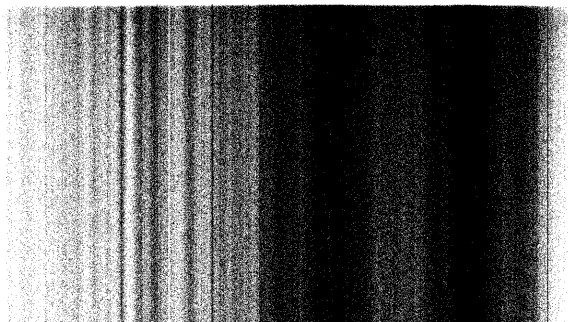
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DO. IN ADDITION TO WHAT THE COURT HAS RULED, THIS COURT IS GOING TO ISSUE A RULE NISI AND I WANT TO MAKE A DETERMINATION. PARTIALLY BECAUSE MS. PIERSON LET THIS MATTER PERCOLATE MONTH AFTER MONTH AFTER MONTH, BUT MR. REYNAUD WANTS TO NIP IT IN THE BUD. AND IN AN EFFORT TO ASSIST THE RESOLUTION OF THAT MATTER AND TO MAINTAIN OUR TRIAL DATE, WE ARE GOING TO PROCEED EXPEDITIOUSLY.

MR. MCKERNAN: PARDON ME?

THE COURT: WE ARE GOING TO PROCEED EXPEDITIOUSLY SO WE CAN GET THIS MATTER RESOLVED. BECAUSE IT'S -- IT'S JUST -- IT'S PATENTLY UNFAIR TO CONFECI A STIPULATION THREE MONTHS AGO, FOUR MONTHS AGO, FIVE MONTHS AGO, THIRTY DAYS AGO,



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STILL HAVE NO SETTLEMENT AND I JUST LEARNED FOR
THE FIRST TIME IT'S NEVER EVEN BEEN PRESENTED TO
THE JUDGE. SOMETHING IS WRONG WITH THAT, MR.
MCKERNAN.

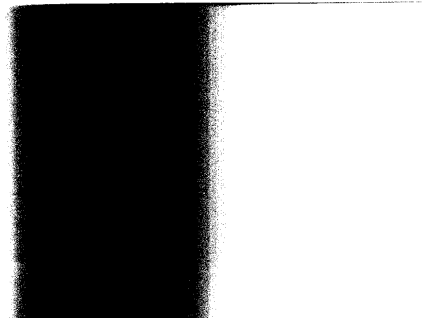
NOW, YOU MAY HAVE DROPPED THE BALL OR
MR. GEORGE MAY HAVE DROPPED THE BALL. I DON'T
KNOW WHO DROPPED THE BALL BUT I DO KNOW 863. I
WILL BE ABLE TO DEAL WITH THAT ISSUE LATER ON.
BUT, AS I UNDERSTAND IT, MS. JOHNSON DOESN'T COME
UNDER 863. BUT IF SHE HAS PERPETRATED SOME FRAUD
OR SCHEME ON THIS COURT, I NEED TO KNOW ABOUT IT.
I DON'T BELIEVE THAT MS. PIERSON AND MR. REYNAUD
BOTH WOULD BE COMING HERE AND MAKING THOSE
REPRESENTATIONS TO THE COURT IF THEY ARE NOT WELL
BASED IN FACT. I DON'T BELIEVE THAT THESE
OFFICERS OF THE COURT ARE MISREPRESENTING TO THE
COURT. I DON'T BELIEVE THAT.

WE LEFT THE LAST HEARING AND THEY WENT ON

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ABOUT THEIR BUSINESS TO CONFECT THE LANGUAGE WHICH
IS DONE IN EVERY CASE, AND WE NORMALLY HAVE THE
AGREEMENTS BACK WITHIN FIFTEEN DAYS MAX. EVERY
NOW AND THEN YOU GET ONE THIRTY DAYS. THAT'S WITH
REGULAR, EVERY-DAY LAWYERS. HERE WE ARE WITH
HIGH-POWERED COUNSEL, STARTED OUT WITH FIFTY-FOUR
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OF THEM AND WENT DOWN TO THIRTY-SEVEN AND GONE ON
AND ON AND ON AND WE CAN'T GET A JUDGMENT.
SOMETHING IS WRONG WITH THAT. BUT I WILL ADDRESS
THAT MATTER WITH MS. JOHNSON. ALL RIGHT.
ANYTHING FURTHER?

MS. PIERSON: YOUR HONOR, MAY I MAKE AN
OFFERING FOR THE RECORD?

THE COURT: YES, MA'AM.

MS. PIERSON: WE OFFERED THE PEARCE
SETTLEMENT AND I THINK YOU MARKED IT PWC-1.

THE COURT: YES, LET IT BE FILED.

MS. PIERSON: I'M GOING TO OFFER AS PWC-2 --

THE COURT: LET IT BE FILED.

MS. PIERSON: -- THE LAST DRAFT THAT WAS
SUBMITTED. THIS IS THE MOST RECENT ONE AND I
NOTICE ON HERE AND I THINK THE COURT OUGHT TO
KNOW, THIS IS THE TWELFTH DRAFT. IT WAS DRAFT
NUMBER ELEVEN THAT WE SENT OUT FOR SIGNATURES.
THIS IS DRAFT NUMBER TWELVE.

THE COURT: WHY DON'T YOU PREPARE AN OUTLINE
AND MEMORANDUM TO ACCOMPANY THESE OFFERINGS, MS.
PEARCE, AND I WILL TRANSMIT IT TO OUR SISTER
COURT.

MS. PIERSON: OKAY.

THE COURT: ANYONE ELSE WHO WOULD LIKE TO DO
THE SAME THING --

MR. MCKERNAN: MAYBE I CAN RESOLVE THIS, YOUR HONOR.

THE COURT: I HOPE YOU CAN, MR. MCKERNAN.

MR. MCKERNAN: ARE YOU ALL WILLING TO PAY THE POLICYHOLDERS AND THE CREDITORS, ALLOW US TO DO THIS WITH THAT MONEY?

MS. PIERSON: WE ARE WILLING TO PAY THREE AND A HALF MILLION DOLLARS TO SETTLE THE CASE.

THE COURT: AND YOU CAN DISBURSE IT ANYWAY YOU WANT TO?

MR. REYNAUD: WELL, PRESUMABLY THEY'RE GOING TO HAVE AN ADJUDICATION PROCESS. I DON'T HAVE ANY PROBLEM WITH THAT.

THE COURT: THEY MAY HAVE A FAIRNESS HEARING. I DON'T KNOW IF THEY WILL OR WON'T.

MR. MCKERNAN: I WILL --

THE COURT: THEY NORMALLY DO.

MR. REYNAUD: WE'LL DO -- WE'LL PAY YOU THE SAME AS MS. PIERSON. WE'LL PAY YOU A MILLION DOLLARS AND YOU CAN ADMINISTER IT PROPERLY WITH DUE PROCESS TO ALL CREDITORS PURSUANT TO LAW. I MEAN THAT'S ALL WE CAN AGREE TO.

MR. GOLD: IF WE CAN GET ON THE RECORD THAT ONCE THEY PAY IN THE MONEY, NOTWITHSTANDING THE INDEMNITY PROVISIONS, WE CAN PAY ADJUDICATED CLAIMS WITHIN THE TERMS OF THE RECEIVERSHIP ORDERS, WE CAN GO HOME. WE'RE DONE.

MS. PIERSON: MAY I ASK A QUESTION? I WILL DIRECT IT THROUGH THE COURT TO MR. GOLD.
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THE COURT: ALL RIGHT.

MS. PIERSON: I AM LEARNING A WHOLE LOT ABOUT RECEIVERSHIPS.

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THE COURT: OH, I KNOW, PAINFULLY.

MS. PIERSON: IF WE PAY HIM THREE AND A HALF MILLION AND CLAUDE'S CLIENT PUTS UP A MILLION AND THEN THE D'S & O'S PUT NINE AND A HALF MILLION, NOW WE'RE ABOUT THIRTEEN, OKAY, AND THEN HE'S TALKING ABOUT IF WE PAY THE ADJUDICATED CLAIMS OR WHATEVER, ISN'T THAT WHEN THEY CLOSE THE ESTATE? I ALREADY KNOW IF IT GET'S CLOSED INDEMNITY IS OVER.

THE COURT: WHEN IT LEAVES HERE AFTER THE PAYMENT OF THE COSTS OF THE COURT, THEN WE -- THEN MR. HARRISON, MARLON HARRISON AS THE RECEIVER FOR LOUISIANA AND JEAN JOHNSON AS DEPUTY RECEIVER OR WHOEVER HER SUPERIOR IS THE RECEIVER OVER THERE, THEN THEY PAY IT IN ACCORDANCE WITH THEIR STATUTES. OURS ARE PAID IN CATEGORIES MUCH LIKE THE BANKRUPTCY PROCEEDINGS AND THE COURT MAKES A DETERMINATION AT THAT POINT.

IT IS NOT THAT THE RECEIVERS MAKE A PROPOSAL AS TO HOW THEY ARE GOING TO PAY OUT THE CLAIM.

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THE COURT THEN DECIDES ON THE CATEGORIES ONCE THAT
IS DONE AND HOW MUCH IS PAID IN EACH -- LIKE
BANKRUPTCY COURT AND THE COURT MAKES A DECISION.
ANY RESIDUARY NORMALLY WE SEND IT TO THE ATTORNEY
GENERAL FOR THE CONSUMER PROTECTION DEPARTMENT
BECAUSE NORMALLY IT INVOLVES SOME FRAUD, OF COURSE
YOU WOULDN'T BELIEVE THAT, CONSUMER FRAUD SO WE
SEND IT NORMALLY TO THE ATTORNEY GENERAL AND HE --
HIS CONSUMER PROTECTION UNIT BUYS COMPUTERS OR
WHATEVER THEY DO. BUT THAT'S THE PROCEDURE.

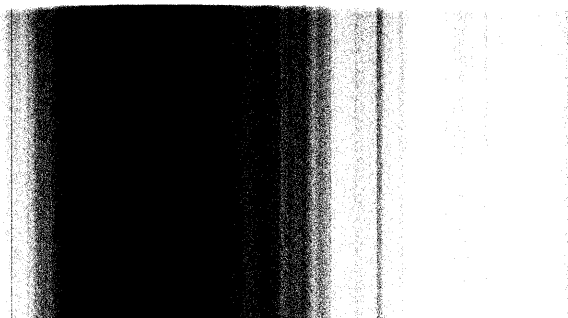
NOW, THAT MEANS WE DON'T DICTATE, THE
SETTLING PARTIES DON'T DICTATE AS TO HOW IT IS

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PAID. THE COURT IN ITS ADMINISTRATIVE CAPACITY,
UPON PRESENTATION OF AN ORDER FROM THE RECEIVER,
MAKES A DETERMINATION OF WHAT SHOULD BE PAID
WHETHER IT'S A QUARTER ON A DOLLAR, TEN CENTS ON A
DOLLAR, WHAT CATEGORY. THAT'S HOW THAT'S DONE.

SO I DON'T KNOW WHETHER OR NOT YOU CAN
HAMSTRING THAT COURT OVER THERE AND TELL THEM WHAT
CATEGORIES TO PAY OR WHAT PERCENTAGES OR WHATEVER.
YOUR JUST TRANSMIT IT TO RECEIVER. IN THIS CASE
WE ARE DEALING WITH A DEPUTY RECEIVER. I DON'T
KNOW THE DIFFERENCE IN THE AUTHORITY OF A DEPUTY
RECEIVER AND THE RECEIVER. HERE WE DEAL WITH THE
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RECEIVERS OF RIGHT AND THEY HAVE DECISION MAKING RESPONSIBILITIES BECAUSE THE COURT APPOINTS THEM. THEREAFTER THE COURT MAKES A DETERMINATION AND MANY TIMES DOESN'T GO ALONG WITH THEM, BUT BE THAT ALL AS IT MAY.

MR. REYNAUD: AND, YOUR HONOR, FROM MY STANDPOINT, PROSKAUER AND ROSOW'S STANDPOINT, THAT IS ALL WE CAN DO. WE ARE JUST GOING TO GIVE THE MILLION DOLLARS. IT'S GOING TO BE DIVIDED AMONG THE THREE RECEIVERSHIPS. THE THREE RECEIVERSHIPS WILL THEN MAKE A DECISION THROUGH THE COURT PROCESS, PRESUMABLY WITH CLAIMANTS AND OTHERS THAT MAY CONTEST IT, WITH DUE PROCESS GIVEN TO ALL, AND ULTIMATELY AT THE END OF THE DAY ITS PAID OUT THROUGH SOME PRIORITY SYSTEM.

THE COURT: THAT'S HOW WE DO IT IN LOUISIANA.

MR. REYNAUD: BUT THAT HAS NOTHING TO DO WITH INDEMNITY. I MEAN, THAT DOESN'T ESTABLISH THE AMOUNT OF THE INDEMNITY OR AGAINST WHOM OR BY WHOM CLAIMS WILL BE INDEMNIFIED. THAT DOESN'T DO THAT.

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SO IT DOESN'T ANSWER THE QUESTION OF --

THE COURT: HE SAID HE'S WAIVING HIS OBJECTION TO THE INDEMNITY LANGUAGE IF THE MONEY

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IS PAID TO HIM -- TO THEM, WHATEVER THE RESIDUARY
IS CAN BE ALLOCATED DIRECTLY TO THE POLICYHOLDERS
IS WHAT HE SAID.

MR. REYNAUD: AS YOU WELL KNOW, YOUR HONOR,
THE FIRST PRIORITY IS ADMINISTRATIVE CLAIMS. AND
I BET IT'S THE SAME THING IN TEXAS.

THE COURT: SECOND. FIRST PRIORITY IS COURT
COSTS.

MR. REYNAUD: OKAY. AS YOU WELL KNOW, YOUR
HONOR, THE SECOND PRIORITY IS ADMINISTRATIVE
CLAIMS. I AM NOT -- I CAN'T DICTATE THAT.

THE COURT: OF COURSE YOU CAN'T. YOU ARE
POWERLESS TO DO THAT. I UNDERSTAND THAT, MR.
REYNAUD. I UNDERSTAND IT VERY WELL. I HAVE MANY
OF THESE ESTATES AND I KNOW THAT YOU ARE POWERLESS
TO DO THAT. BUT I DON'T THINK THAT IS WHAT HIS
LANGUAGE SAID. NOW, I AM GOING TO ASK HIM TO READ
IT INTO THE RECORD AGAIN. WHAT DID YOU SAY, MR.
GOLD?

MR. GOLD: IF THE SETTLING DEFENDANTS ARE
AGREEING THAT NOTWITHSTANDING THEIR INDEMNITY
LANGUAGE, THE RECEIVERSHIP COURT MAY PROCEED UPON
APPLICATION FROM THE SPECIAL DEPUTY RECEIVER TO
PAY ADJUDICATED CLAIMS ACCORDING TO THE TERMS
OF --

THE COURT: BUT, MR. GOLD, HOW CAN THEY
EMPOWER A COURT?

MR. GOLD: I CAN'T DISCLOSE THAT WITHOUT
REVEALING WORK PRODUCT, YOUR HONOR.

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THE COURT: WHAT WORK PRODUCT --

MR. GOLD: I AM GLAD TO GO INTO CHAMBERS AND
TELL YOU MY VIEW OF IT.

THE COURT: NO, NO, WAIT A MINUTE. I WANT TO
KNOW HOW CAN A LAWYER EMPOWER A COURT TO DO A, B,
C, AND D. YOUR COURTS FUNCTION PURSUANT TO
CONSTITUTION AUTHORITY FIRST AND THEN ANY
LEGISLATIVE UNDERPINNINGS SECONDLY AND THEN ANY
RULES OF THE SUPREME COURT OR LOCAL. HOW CAN A
PARTY EMPOWER A COURT?

MR. GOLD: IF THE SETTling DEFENDANTS DO NOT
BELIEVE THAT THEY HAVE A MEANS OF INTERFERING WITH
THE PAYMENT OF ADJUDICATED CLAIMS ACCORDING TO
TEXAS LAW, THEN FINE.

THE COURT: WAIT A MINUTE. IF THE SETTling
PARTIES BELIEVE THAT THEY DO NOT HAVE AUTHORITY TO
INTERFERE WITH SETTling CLAIMS IN TEXAS. WELL,
THEY HAVE AUTHORITY, BUT THEY DON'T EVEN CARE.
BUT ANYWAY --

MR. REYNAUD: WE DON'T CARE.

THE COURT: THEY REALLY DON'T CARE. MS.
COMEAX.

MS. COMEAUX: MAY I ASK A QUESTION. I AM
TRYING TO UNDERSTAND. ARE YOU OPERATING UNDER THE
BELIEF THAT OUR INDEMNITY REQUEST IS GOING TO --
SOMETHING LIKE WE WANT YOU TO SET ASIDE MONIES IN

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THE ESTATE TO COVER POSSIBLE INDEMNITY CLAIMS FROM
US? IS THAT WHAT YOU ARE SAYING?

MR. GOLD: NO, THAT'S NOT IN ANY OF YOUR
AGREEMENTS. YOU HAVEN'T --

MS. PIERSON: NO, NO, BUT IS THAT WHAT YOU
ARE SAYING.

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MR. GOLD: MR. CLARK HAS ESCROW LANGUAGE IN
HIS AGREEMENT WHICH WE REJECTED AND I SEE IS STILL
IN THOSE PAPERS AND --

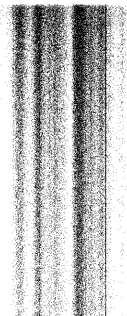
MS. PIERSON: WE DON'T HAVE ANY ESCROW
AGREEMENT. OH, WE'RE NOT WENDELL CLARK. WE DON'T
HAVE ANY ESCROW LANGUAGE.

MR. GOLD: NO, WE ARE NOT TALKING ABOUT THE
NEED FOR AN ESCROW. WE'VE HAVE REJECTED THAT OUT
OF HAND.

MS. COMEAUX: OKAY.

MR. GOLD: BUT IF A DEFENDANT, SETTLING
DEFENDANT BELIEVES THAT ITS INDEMNITY RIGHTS GIVE
IT A PRIORITY OVER THE PAYMENT OF ADJUDICATED
CLAIMS BECAUSE IT HAS THAT INDEMNITY RIGHT,
UNLIMITED IN AMOUNT, IF THEY WANT TO GO ON THE
RECORD AND SAY THAT IS NOT OUR POSITION, WE ARE
DONE.

THE COURT: MR. GOLD, THEY DON'T EVEN CARE IF
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YOU INDEMNIFY ANYBODY OR NOT, WHETHER YOU PAY THEM, DON'T PAY THEM. THEY DON'T CARE IF THEY WALK, RIDE, OR DO OTHERWISE. WHERE DID YOU GET THAT NOTION FROM? MS. PIERSON, WHAT MADE YOU --

MR. GOLD: YOUR HONOR, I CAN'T LAWYER THEIR CASE FOR THEM.

THE COURT: OH, NO, THEY NEED ANOTHER LAWYER ON THIS SIDE LIKE THEY NEED A HOLE IN THEIR HEAD. THESE ARE GOOD LAWYERS OVER HERE.

MR. MCKERNAN: YOUR HONOR, THIS IS NOT A TRICK QUESTION. WE JUST NEED TO KNOW SPECIFICALLY, AFFIRMATIVELY FROM THEM THAT THEY WILL NOT INTERFERE WITH THE PAYMENT OF ADJUDICATED CLAIMS --

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THE COURT: MS. PIERSON, DO YOU HAVE INTENTION, YOU AND MR. REYNAUD AND MS. COMEAUX AND MR. CLARK, DO YOU HAVE ANY INTENTION IN INTERFERING WITH ADJUDICATED CLAIMS IN THE ESTATE?

MS. PIERSON: I HADN'T THOUGHT ABOUT IT. I MEAN, I HAVEN'T CONSIDERED DOING THAT.

THE COURT: NOW THAT YOU HAVE CONSIDERED IT.

MS. PIERSON: LET ME SEE IF I CAN GET THIS RIGHT. IF WE SIGN THIS DOCUMENT JUST THE WAY THAT

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IT IS TODAY, AND I HAD SOME OTHER PROVISION THAT WE MIGHT HAVE WORKED ON BUT ACTUALLY THEY -- I THINK WE WILL JUST STICK WITH WHAT WE GOT. WE DO THIS. WE SETTLE THIS CASE. OKAY. THEY GO TO COURT WITH HEALTH NET AND SPEND THE NEXT SEVERAL MONTHS WHATEVER, WHATEVER. MR. GOLD HAS REPRESENTED TO MR. POWELL THAT THEY ARE NOT EVEN PLANNING TO MAKE BUT ONE DISTRIBUTION IN THE ESTATE AND THEY DON'T REALLY PLAN TO MAKE THAT ONE UNTIL THE FIRST QUARTER OF NEXT YEAR. IS THAT CORRECT, MR. GOLD?

MR. MCKERNAN: WHAT IS THAT?

MS. PIERSON: IT HAS SOMETHING TO DO WITH WHAT I'M TALKING ABOUT. MR. GOLD?

MR. GOLD: MR. POWELL AND I DISCUSSED YESTERDAY A PROPOSITION.

THE COURT: OKAY.

MS. PIERSON: OKAY, THAT THEY WOULD MAKE THIS ONE DISTRIBUTION.

THE COURT: THAT'S FINE.

MS. PIERSON: OKAY. HERE'S THE DEAL --

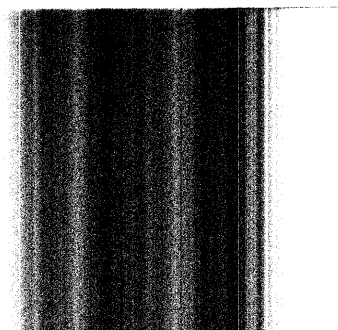
MR. GOLD: I CAN FOLLOW UP AND SAY THE RECEIVER DOES NOT AGREE TO BE BOUND AS TO WHEN

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PAYMENT --

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MS. PIERSON: I AM NOT ASKING THEM TO BE BOUND TO ANYTHING.

MR. GOLD: THAT'S WHAT WE TALKED ABOUT YESTERDAY THOUGH.

MS. PIERSON: IF THEY MAKE ONE DISTRIBUTION, THAT'S THE END OF THE ESTATE. WHEN THE ESTATE ENDS, THERE IS NO INDEMNIFICATION FOR ANYTHING. BECAUSE IF THE RECEIVERSHIP GOES OUT OF BUSINESS, THEN OUR INDEMNITOR IS GONE. SO I DON'T -- I NEVER EVEN PLANNED TO GO IN AND PRESENT SOME OBSTACLE TO THESE PEOPLE OR --

THE COURT: BUT THE RECEIVERSHIP WILL GO OUT OF BUSINESS AS SUN SETS UPON JUDGMENT OF DISMISSAL.

MR. REYNAUD: THIS REALLY OUGHT TO BE MORE SETTLEMENT DISCUSSION THAN ON THE RECORD, BUT LET ME DO A HYPOTHET.

THE COURT: NO, WE HAVE TO DO EVERYTHING ON THE RECORD. THIS IS WOOLEY. EVERYTHING. MIGHT EVEN BUY A TRUCK.

MR. REYNAUD: I THINK THERE IS A HOSPITAL IN HOUSTON CALLED HERMANN MEMORIAL. I AM GOING TO USE IT AS AN EXAMPLE. LET'S SAY THAT WE AGREE TO THE SETTLEMENT AND THE INDEMNITY PROVISION IS IN IT. BUT THEN, FOR WHATEVER REASON, CONTRARY TO LAW, CONTRARY TO DUE PROCESS, CONTRARY TO THE FACT THAT HERMANN'S OBJECTION FILED BEFORE JUDGE COOPER OR WHATEVER JUDGE HAS BEEN REJECTED AND THE SETTLEMENT IS APPROVED. HERMANN SUES PROSKAUER ROSE. THEN WE ARE GOING TO CALL UPON THE RECEIVER TO INDEMNIFY US, WHICH SHOULD BE BROUGHT INTO THE

WHOLE PROCESS OF WHAT CLAIMS ARE PAID. IS THAT THE HYPOTHET YOU'RE CONCERNED WITH, MR. GOLD?

MR. GOLD: NO.

THE COURT: YOU COULD EASILY FILE AN EXCEPTION ON THEM AND GET THEM ON OUT OF HERE.

MR. REYNAUD: WELL, YOU COULD, BUT WE'RE CONCERNED THAT CREDITORS WHO THE RECEIVERS HAVE SAID THEY REPRESENT WILL SUE US INDIVIDUALLY. WE'RE CONCERNED -- MEANING PROVIDERS. AND WE WANT TO BE PROTECTED FROM THAT AND WE WANT BELTS AND SUSPENDERS. WE WANT THE CLAIMANTS TO BE NOTIFIED OF THE SETTLEMENT APPROVAL HEARING, WE WANT THE COURT TO APPROVE IT, AND WE WANT INDEMNIFICATION. THAT IS REAL NORMAL. THAT'S IN EVERY SETTLEMENT.

THE COURT: I UNDERSTAND THAT, MR. REYNAUD.

MR. REYNAUD: THEN LET'S ASK MR. GOLD FOR A HYPOTHET AS TO WHAT HE IS TALKING ABOUT.

THE COURT: MR. GOLD -- I DON'T WANT TO ASK HIM FOR A HYPOTHET BECAUSE HE SAID THAT IF YOU WILL SAY ON THE RECORD THAT YOU'RE NOT GOING TO ASK THE CREDITORS IN ANY ONE OF THE CATEGORIES, ANY ONE OF THE CATEGORIES, YOU'RE NOT GOING TO INTERFERE WITH THE PAYMENT, WHATEVER THEY DECIDE TO PAY THE CREDITORS, THEN HE'S OUT OF HERE. I

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HEARD HIM SAY THAT AND I AM MORE INTERESTED IN HIM
BEING OUT OF HERE THAN A HYPOTHET.

MR. REYNAUD: WELL, THE ONLY ANSWER IS IN THE
SITUATION WHERE A CREDITOR MAKES A CLAIM AGAINST
US DIRECTLY --

THE COURT: FILE AN EXCEPTION, MR. REYNAUD.
JUST FILE AN EXCEPTION. YES, SIR.

MR. GOLD: LET'S TAKE HIS EXAMPLE. IF THERE

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IS MONEY LEFT IN THE ESTATE --

THE COURT: I WAS INTERESTED IN THE PART
WHERE YOU SAID YOU WERE GOING TO BE OUT OF HERE.

MR. GOLD: I AM STILL READY TO GO, YOUR
HONOR. I THINK THEY HAVE MADE IT CLEAR. IF THEY
WANT TO SAY YES, THAT IS RIGHT, FINE. ALL I AM
CONCERNED WITH ON BEHALF OF MY CLIENT AND MY
CLIENT IS CONCERNED WITH, IS THAT SHE BE ABLE WHEN
SHE IS READY TO PAY ADJUDICATED CLAIMS THAT SHE
MAY DO SO AND IS NOT HELD UP BY THE MERE FACT THAT
THERE IS A SETTLEMENT AGREEMENT THAT CALLS FOR HER
TO INDEMNIFY DURING THE LIFE OF THE ESTATE. IF
THEY AGREE THAT THE MERE PRESENCE OF THE INDEMNITY
IN THE SETTLEMENT AGREEMENT DOES NOT IMPAIR HER
ABILITY UPON DIRECTION OF THE RECEIVERSHIP COURT

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TO PAY ADJUDICATED CLAIMS --

MS. PIERSON: I AM WITH HIM, YOUR HONOR. LET
ME SEE IF I CAN RESTATE IT.

THE COURT: DON'T RESTATE IT. JUST BE WITH
IT, OLLIE.

MR. REYNAUD: NO, WE NEED TO RESTATE IT, YOUR
HONOR.

MS. PIERSON: WE NEED TO RESTATE IT BECAUSE
THAT -- I WANT TO BE SURE I UNDERSTOOD WHAT HE
SAID.

THE COURT: LIFE OF THE ESTATE.

MS. PIERSON: HE'S THREE MONTHS OUT AND MS.
JOHNSON WANTS TO GO OUT AND SHE WANTS TO PAY SOME
ADJUDICATED CLAIMS. HE DOESN'T WANT, AND I THINK
HIS WORD WAS, THE MERE FACT THAT THIS
INDEMNIFICATION AGREEMENT IS OUT THERE IN HIS
CONTRACT TO STOP THEM FROM DOING THAT. THAT'S

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OKAY. BUT IF -- WE HAVE TO GO A LITTLE STEP
FURTHER.

IF THE UNLIKELY EVENT, AND I WANT THE COURT
TO NOW WE ARE TALKING ABOUT REMOTE POSSIBILITIES,
IN THE UNLIKELY EVEN THAT A CLAIM HAS, IN FACT,
BEEN FILED AGAINST US BY ONE OF YOUR CREDITORS OR
THE PEOPLE YOU WANT TO PAY OR WHATEVER, WE WOULD
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HAVE THE RIGHT THEN, IT'S NOT JUST THE MERE
INDEMNITY THEN, TO SUBMIT THAT TO THE SAME COURT
YOU'RE ASKING TO PAY THESE CLAIMS OUT AND SAY,
OKAY, WE ARE GOING TO PUT THIS IN THE POT TOO
BECAUSE THEY'VE AGREED TO PAY US THIS. WE WANT TO
BE IN THAT DISBURSEMENT CONSIDERATION. WE MAY GET
KICKED OUT, BUT ISN'T THAT -- IS THAT WHAT WE ARE
TALKING ABOUT?

MR. GOLD: WE ARE GOOD TO GO.

THE COURT: ALL RIGHT.

MR. REYNAUD: SO AS I UNDERSTAND --

THE COURT: WAIT, WAIT. DANIEL GOT IT DOWN.
DON'T RESTATE IT AGAIN.

MR. REYNAUD: NO, AS I UNDERSTAND IT, WHAT WE
ARE TALKING ABOUT IS HE BELIEVES, MR. GOLD
BELIEVES, WE ARE TRYING TO SET UP AN ESCROW
ACCOUNT FOR YET UNASSERTED INDEMNIFICATION CLAIMS.

THE COURT: NO, THAT'S NOT WHAT HE'S SAYING.

MS. PIERSON: NO, WE'RE NOT DOING THAT.

MR. REYNAUD: I KNOW WE'RE NOT TRYING TO DO
THAT AND WE DON'T AGREE TO THAT.

THE COURT: HE'S NOT SAYING THAT. DANIEL HAS
THE LANGUAGE DOWN AND --

MR. REYNAUD: I HAVE TO UNDERSTAND, YOUR
HONOR, BEFORE I CAN AGREE TO IT.

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MR. GOLD: LET ME REPHRASE IT FOR MR.
REYNAUD.

MR. REYNAUD: PLEASE.

MR. GOLD: MR. REYNAUD AND HIS CLIENTS ARE
NOT ASSERTING ANY KIND OF LIEN ON THE PROCEEDS OF
THE RECEIVERSHIP ESTATE MERELY BY VIRTUE OF AN
INDEMNITY AND A SETTLEMENT AGREEMENT UNLIMITED IN
TIME OR AMOUNT.

MR. REYNAUD: THAT'S CORRECT UNTIL --
THE COURT: UNLESS AND UNTIL.

MR. REYNAUD: -- A CLAIM IS MADE AGAINST US
FROM A GROUP INDEMNIFIED.

THE COURT: UNLESS AND UNTIL.

MR. REYNAUD: THAT'S CORRECT.

MR. GOLD: THE INDEMNITY PROVISION MERELY
GIVES HIS CLIENTS THE RIGHT TO ASSERT A CLAIM IN
THE RECEIVERSHIP ESTATE FOR INDEMNITY.

THE COURT: THAT'S FINE. DANIEL HAS THAT
DOWN FOR THE FOURTH TIME. AND THAT IS THE
LANGUAGE, MS. PIERSON, THAT IS GOING TO GO INTO
THE DOCUMENT.

MS. PIERSON: LET ME BE SURE CLEAR UP ON ONE
THING. MR. POWELL, THAT'S MY BRAIN OVER HERE --

THE COURT: YOU HAVE CEDED YOUR BRAIN TO A
MERE MORTAL, MS. PIERSON?

MS. PIERSON: CLAIM MIGHT BE A TERM OF ART.
IT IS THE RIGHT TO COME, IF A CLAIM IS MADE -- AND
NOW WE ARE BEYOND THE STEP OF WHERE THERE IS JUST
THE INDEMNITY AGREEMENT AND NO CLAIMS AGAINST US.
NOW THERE IS A CLAIM AGAINST US BY SOME PERSON.

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OKAY. WE WOULD THEN HAVE THE RIGHT AT THAT POINT
TO COME IN AND ASSERT OUR AGREEMENT IN THE ESTATE

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AND SAY, WAIT A MINUTE, WE HAVE THIS CLAIM SO IT
NEEDS TO BE CONSIDERED WHEN THE COURT CONSIDERS
THE PAYOUT OF WHATEVER IT'S GETTING READY TO PAY
OUT?

MR. REYNAUD: IN WHATEVER PRIORITY THE COURT
WOULD APPLY.

MR. GOLD: YOU MAY CERTAINLY ASSERT YOUR
RIGHT PURSUANT TO THE TEXAS INSURANCE CODE --

MS. PIERSON: AND THE CONTRACT.

MR. GOLD: AND THE CONTRACT TO RECEIVE
WHATEVER RELIEF THE COURT WOULD DEEM APPROPRIATE.

MR. REYNAUD: YOUR HONOR, ONE MORE THING.
MR. GOLD HAS STATED, PRESUMABLY WITH AUTHORITY,
THAT IF WE CAN AGREE TO THIS, HE'S OUT OF HERE,
MEANING, I ASSUME, THAT HE ACCEPTS THE TERMS AND
CONDITIONS OF THE EXHIBIT THAT WE INTRODUCED AS
PROSKAUER-1.

MR. MCKERNAN: HE CANNOT BIND THE STATE.
BASED ON WHAT HE HAS TOLD ME --

MR. GOLD: YOUR HONOR, I AM TALKING ABOUT THE
INDEMNITY AGREEMENT.

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MR. REYNAUD: OKAY.

THE COURT: WAIT A MINUTE, MR. GOLD. WHO CAN
BIND THIS TEXAS STATE? WHO IS SPEAKING FOR TEXAS?

MR. GOLD: I AM SPEAKING FOR THE DEPUTY
RECEIVER AS TO WHAT SHE WILL SIGN.

THE COURT: ALL RIGHT.

MR. GOLD: I AM NOT SPEAKING FOR THE
RECEIVERSHIP COURT AND WHAT IT WILL APPROVE.

THE COURT: OKAY, GOOD.

MR. GOLD: AS TO MR. REYNAUD, PLEASE, PAT
LOCHRIDGE, THE TEXAS COUNSEL FOR HIS CLIENT, SENT

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TO JIM GEORGE ON APRIL 21ST A DRAFT AGREEMENT. HE
ALSO SENT IT TO MR. CULLENS AND TO MR. HOHMANN AND

--

THE COURT: ORDER IN COURT, COUNSEL.

MR. GOLD: COUNSEL FOR LOUISIANA AND
OKLAHOMA. BOTH GENTLEMEN SENT IT TO ME AND SAID
WILL YOU COORDINATE EVERYONE'S RESPONSE BECAUSE
MR. LOCHRIDGE SAID I WANT ONE CONSOLIDATED DRAFT
RESPONSE. I SAID I AM HAPPY TO DO THAT TO ALL
THREE GENTLEMEN. I DID IT. I GATHERED UP
EVERYONE'S COMMENTS. I SENT IT OUT FOR
CIRCULATION TO LOUISIANA, OKLAHOMA, AND TEXAS
YESTERDAY. EVIDENTLY MR. CULLENS OR MR. HOHMANN
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SENT IT ON TO MR. REYNAUD.

MR. REYNAUD: NO, I JUST RECEIVED A HAND COPY TODAY.

MR. GOLD: I ONLY CIRCULATED FOR COMMENT YESTERDAY DOING WHAT EVERYBODY ON BOTH SIDES OF THE CASE ASKED ME TO DO. OKAY. THERE ARE CHANGES IN THE DAFT OTHER THAN THE INDEMNITY LANGUAGE.

THE COURT: WHAT ARE THE CHANGES?

MR. GOLD: WE CHANGED HOW THEY DEFINED PLAINTIFF. WE CHANGED HOW THEY DEFINED PLAINTIFF'S AFFILIATES. WE ALSO CLARIFIED WHO IT WAS COVERED BY THE INDEMNITY.

MR. REYNAUD: THEY ALSO CHANGED THE INDEMNITY AMOUNT, WHICH I ASSUME IS NOW MOOTED BY MR. GOLD'S AGREEMENT.

MR. GOLD: AS I SAID, WE HAVE REACHED AN AGREEMENT ON WHAT THE INDEMNITY IS.

MR. REYNAUD: THEN LET ME REPHRASE MY QUESTION.

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THE COURT: OKAY. NOW WHO'S GOT -- WHO IS REPRESENTING THESE PEOPLE FULLY, FINALLY, HENCEFORTH, FOREVER MORE? WHO IS THE PERSON? YOU TELL ME.

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MR. GOLD: FOR PURPOSES OF THIS, MR. RIEWE
AND I.

THE COURT: NO, FOR PURPOSES OF THE ENTIRE
LITIGATION.

MR. GOLD: MR. MCKERNAN REPRESENTS JEAN
JOHNSON IN YOUR COURT TOGETHER WITH JIM GEORGE.

THE COURT: OKAY. IF I LET JIM GEORGE IN. I
HAD PREVIOUSLY INDICATED I WOULD. I THOUGHT THAT
HE HAD SOME AUTHORITY, BUT I DIDN'T FIND OUT UNTIL
TODAY THAT HE DIDN'T HAVE ANY.

MR. GOLD: MR. GEORGE DOES HAVE AUTHORITY. I
THINK WHAT WE MOSTLY TALKED ABOUT, YOUR HONOR --
AND AS I THINK YOU CAN SEE, A NUMBER OF LAWYERS
HAVE GOTTEN INVOLVED IN CIRCULATING THE DRAFT.

THE COURT: IT'S TOO MANY LAWYERS. THAT IS
WHAT I THOUGHT IN THE BEGINNING.

MR. GOLD: I MAY TEND TO AGREE WITH YOU, YOUR
HONOR. I MERELY TRIED TO DO WHAT PEOPLE ASKED ME
TO DO.

THE COURT: BE CAREFUL OF THAT. PEOPLE WILL
ASK YOU TO DO THINGS THAT MIGHT NOT BE RIGHT.

MR. GOLD: AND I DID IT TIMELY AND I HAVE
NOTHING TO BACK OFF OF ABOUT WHAT I HAVE DONE.

THE COURT: MR. MCKERNAN, DO WE HAVE A
STIPULATION, A SETTLEMENTS? MR. MCKERNAN, MR.
GOLD? YES OR NO?

MR. GOLD: YES.

MR. MCKERNAN: DO I HAVE A CONCURRENCE FROM

THE OTHER SIDE. YES, WE HAVE IT, BUT I DON'T WANT TO KEEP GOING ON ABOUT LET ME THROW ONE MORE OUT THERE, ONE MORE OUT THERE. EITHER THEY DO IT OR NOT.

MR. REYNAUD: YOUR HONOR, WE ARE NOT GOING TO AGREE TO A DOCUMENT TODAY THAT I JUST SAW BEFORE THIS HEARING. BUT IF MR. GOLD IS PROPOSING TO NOW GET OUT OF HERE, TO USE HIS WORDS, THEN MAY I ASK WILL THEY AGREE TO THE PROPOSED INDEMNITY PROVISION IN PROSKAUER-1 WHICH IS WHAT SUPPOSEDLY WE ARE ONLY TALKING ABOUT? IF THEY WILL TAKE OUR LANGUAGE THERE, WE CAN NEGOTIATE ALL THE OTHER CHANGES THAT THEY MADE TODAY.

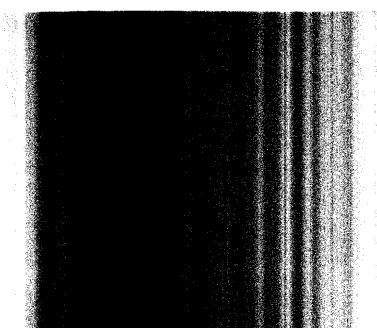
MR. GOLD: I WOULD AGREE TO WHAT WE JUST STIPULATED TO.

MR. REYNAUD: NO, YOUR HONOR, THAT'S NOT ENOUGH.

THE COURT: MR. REYNAUD, WHAT IS THE DIFFERENCE? IF HE HAS IT DOWN AS THE CRUX OF THE MATTER, WHAT IS THE DIFFERENCE?

MR. REYNAUD: YOUR HONOR, WE ARE GOING TO BE RIGHT BACK HER ON THAT. THAT'S VERY COY ON THE PART OF MR. GOLD, I'LL HAVE TO TELL YOU.

THE COURT: MR. GOLD DOESN'T HAVE TIME TO BE TOO COY BECAUSE WE'RE GETTING READY TO GO TO TRIAL AND HE BETTER BE READY TO GO TO TRIAL WITH HIS WITNESSES.



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MR. REYNAUD: HAVE WE AGREED THAT THE AMOUNT
OF THE INDEMNITY IS COMPLETE UP TO THE AMOUNT OF
THE ESTATE? HAVE WE AGREED THAT ALL CREDITORS
CLAIMS ARE BEING INDEMNIFIED?

THE COURT: AND YOU HAVE DONE THAT, RIGHT,

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MR. GOLD? YOU AGREED ON BOTH OF THOSE TWO POINTS,
RIGHT?

MR. MCKERNAN: WHAT WERE THE POINTS, YOUR
HONOR?

MR. REYNAUD: LET ME LIST THEM. I CAN LIST
THEM VERY EASILY.

THE COURT: LIST THEM VERY QUICKLY, MR.
REYNAUD.

MR. REYNAUD: NUMBER ONE, HAVE WE AGREED THAT
THE AMOUNT OF THE INDEMNITY IS UP TO THE AMOUNT OF
THE ESTATE AND NOT JUST THE AMOUNT OF OUR
SETTLEMENT?

THE COURT: ALL RIGHT.

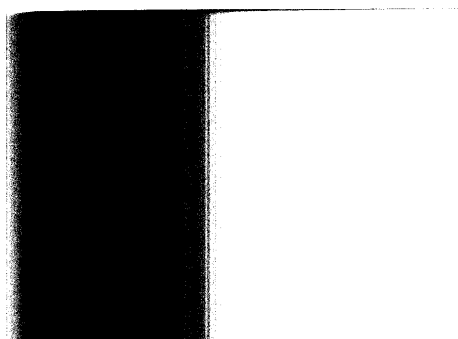
MR. REYNAUD: NUMBER TWO --

THE COURT: WAIT. LET HIM ANSWER. IS THAT
CORRECT, MR. GOLD?

MR. GOLD: YES.

THE COURT: YOU AGREE WITH THAT? ALL RIGHT.

MR. REYNAUD: I WOULD LIKE TO HEAR IT
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VERBALIZED ON THE RECORD.

THE COURT: HE SAID YES, MR. REYNAUD. NUMBER TWO.

MR. WALTERS: LET'S GET IT ALL DONE. ON BEHALF OF LOUISIANA AND OKLAHOMA, WE AGREE WITH THAT TOO.

MR. MCKERNAN: LOUISIANA AGREES WITH THAT.

MR. REYNAUD: ON THE CLAIMS OF ALL CREDITORS. ARE THEY INDEMNIFIED, ALL CREDITORS AND OTHER CLAIMANTS IN THE RECEIVERSHIP?

THE COURT: MR. GOLD?

MR. WALTERS: I DON'T KNOW WHAT THAT MEANS, YOUR HONOR.

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MR. REYNAUD: WELL, ANYONE THAT IS A VALID, TIMELY CLAIMANT IN THE RECEIVERSHIP.

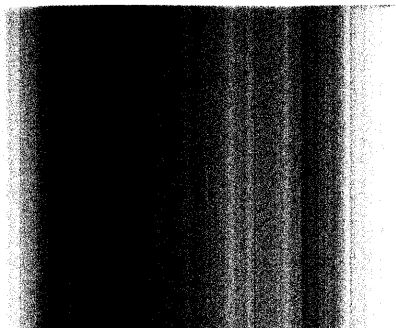
THE COURT: OKAY. THAT IS NORMAL.

MR. REYNAUD: IS THAT NOT NORMAL?

MR. GOLD: I DON'T KNOW WHAT A VALID CLAIMANT IS.

THE COURT: WELL, THE COURT DECIDES THAT IS PROBABLY WHY YOU DON'T KNOW IT. THE RECEIVER MAKES A RECOMMENDATION AND THE COURT MAKES A DECISION.

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MR. REYNAUD: I DON'T KNOW IF THE CLAIMS HAVE
ALL BEEN ADJUDICATED, YOUR HONOR.

THE COURT: SOME OF THEM HAVE PRESCRIBED AND
SOME ARE NOT PRESCRIBED, SOME OF THEM ARE VENUE
PROBLEMS AND OTHERS HAVE OTHER PROBLEMS.

MS. PIERSON: IT'S CLAIMS MADE BY ANYONE
ACTING OR CLAIMING BY, THROUGH, FOR OR UNDER THE
PLAINTIFFS, OR ANY OF THEM THAT ARE BASED UPON THE
FACTS, MATTERS OR CIRCUMSTANCES ALLEGED OR WHICH
COULD HAVE BEEN ALLEGED BY THE PLAINTIFFS IN WHOLE
OR IN PART OR DERIVATIVE OF IN THE LOUISIANA CASE,
THE TEXAS CASE, AND/OR THE REVIEW PANEL
PROCEEDING.

THE COURT: ALL RIGHT. DO YOU AGREE WITH
THAT?

MS. BUSER: NO.

MR. GOLD: NO.

THE COURT: YOU DON'T AGREE WITH THAT?

MS. PIERSON: WHO DID I INCLUDE THAT YOU WANT
TO LEAVE OUT?

MR. GOLD: THOSE PEOPLE AND THEIR PERSONAL
CLAIMS. WE DO NOT REPRESENT THOSE.

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MS. PIERSON: REPRESENT WHO? I JUST SAID --

MR. GOLD: THAT SAME LIST OF PEOPLE TO THE
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EXTENT OF THEIR PERSONAL CLAIMS. THE RECEIVER DOES NOT REPRESENT THEM AND HAS NOT ASSERTED --

MS. PIERSON: CAN YOU DESCRIBE FOR ME AT LEAST ONE PERSON AND BIFURCATE THE CLAIMANT YOU DO HAVE VERSUS THE PERSONAL CLAIM?

MR. GOLD: ABSOLUTELY, AND I SENT BOB POWELL A COPY OF COTTEN V. REPUBLIC NATIONAL BANK THAT EXPLAINS IN DETAIL WHAT --

MS. PIERSON: IT'S DOESN'T EXPLAIN IT TO ME. I READ IT.

MR. MCKERNAN: COULD HE FINISH?

THE COURT: ARE YOU SAYING THAT THE TEXAS RECEIVER DOES NOT REPRESENT ALL THE CLAIMANTS?

MR. GOLD: REPRESENTS ALL THE CLAIMANTS, YOUR HONOR. IT DOES NOT REPRESENT THEM ON THEIR PERSONAL CLAIMS, PERSONAL CLAIMS OF FRAUD WHERE THEY --

THE COURT: WELL, WHAT KIND OF CLAIMS DOES THE TEXAS RECEIVER REPRESENT THEM ON?

MR. GOLD: THE COMMON CLAIMS OF THE CREDITORS.

THE COURT: THE COMMON CLAIMS.

MR. GOLD: VICTIMS OF THE COMMON ACTS OF THE COMPANY. THEY DO NOT REPRESENT PEOPLE WHO HAVE PERSONAL, UNIQUE TO THEMSELVES --

MR. REYNAUD: YOUR HONOR, THAT IS THE MIRROR IMAGE OF THE ISSUE THAT WE LITIGATED ON THE CREDITOR STANDING CLAIMS, AND YOUR HONOR RULED JUST THE OPPOSITE, THAT THEY DID REPRESENT THE CREDITORS. AND NOW THEY ARE SAYING -- AND THEY

ARGUED VEHEMENTLY THAT THEY DID AND THEY COULD
BRING THOSE CLAIMS AND NOW HE'S SAYING THEY DON'T?
WE CITED THE COTTEN CASE AND YOUR HONOR OVERRULED
IT. THIS IS --

MR. GOLD: WE REPRESENT CREDITORS ON THE
COMMON CLAIMS.

MS. PIERSON: YOUR HONOR, I WOULD LIKE TO LET
THE COURT KNOW BECAUSE I DON'T UNDERSTAND WHAT
MR. GOLD IS SAYING IN LIGHT OF THIS DOCUMENT WHICH
WE RECEIVED -- BY THE WAY, AFTER WE SETTLED OUR
CASE, THEY FILED PLAINTIFF'S SIXTH AMENDED
PETITION WHICH HAD ATTACHED TO IT CONFIRMATIONS OF
ASSIGNMENTS. THIS MAKES WHAT MR. GOLD IS SAYING
TOTALLY FOREIGN TO ME. EACH ONE OF THESE IS THE
SAME. I WILL ONLY READ ONE.

THE COURT: ALL RIGHT.

MS. PIERSON: THE UNDERSIGNED, IN
CONSIDERATION OF THE SPECIAL DEPUTY RECEIVER'S
PURSUIT OF SUCH CLAIMS AS SHE DEEMS APPROPRIATE,
HAS ASSIGNED AND CONTINUES TO ASSIGN TO JEAN
JOHNSON, SPECIAL DEPUTY RECEIVER OF AMCARE HEALTH
PLANS OF TEXAS, INC. AND AMCARE MANAGEMENT, INC.,
THE RIGHT TO PURSUE ALL CLAIMS WHETHER SOUNDING IN
TORT, CONTRACT, STATUTORY VIOLATION, FRAUD, COMMON
LAW, AND ANY OTHER CLAIM OR THEORY AS TO CLAIMS

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ARISING FROM OR RELATING TO AMCARE HEALTH PLANS OF TEXAS, INC. OR AMCARE MANAGEMENT, INC. THIS ASSIGNMENT INCLUDES CLAIMS AGAINST ACCOUNTANTS, OFFICERS, DIRECTORS, AND ALL PERSONS OF ANY KIND OR NATURE WHO HAVE CAUSED HARM TO ME IN RELATION TO OR ARISING FROM AMCARE HEALTH PLANS OF TEXAS, INC. OR AMCARE MANAGEMENT, INC. INCLUDING, WITHOUT

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LIMITATION, CLAIMS AGAINST THOSE WHO AIDED AND ABETTED OR CONSPIRED WITH SUCH PERSONS.

NOW, I DON'T KNOW, AFTER YOU READ THIS, WHAT IS IT THAT THE MEDICAL CENTER OF PLANO, TEXAS, COLLECTIONS MANAGER, TAX I.D. 621682203, WHAT WOULD THEY HAVE LEFT AFTER THIS?

MR. GOLD: I NEVER EXCLUDED PEOPLE WHO HAD ASSIGNED CLAIMS, MS. PIERSON. IF YOU WOULD LISTEN RATHER THAN PROFESS TO TELL ME WHAT YOU DON'T KNOW, THEN YOU WOULD KNOW IT. THE RECEIVER -- AND I HAVE SAID NOTHING TO THE COURT WHAT WOULD SAY THAT PEOPLE WHO HAVE ASSIGNED CLAIMS ARE NOT INCLUDED. WHAT I SAID WAS THE ENTIRE LIST THAT MR. REYNAUD READ OFF, WITH THE EXCEPTION OF THOSE PEOPLE WHO HAVE PERSONAL CLAIMS. I CAN'T TELL YOU IF ANY OF THOSE PEOPLE EXIST. I CAN TELL YOU --

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THE COURT: WELL, WHO HAS THE PERSONAL CLAIMS THAT ARE NOT -- AT THE MOMENT THAT THE ORDER IS SIGNED PUTTING THE INSURANCE COMPANY INTO LIQUIDATION OR PUTTING THE ENTITY INTO EITHER CONSERVATORSHIP OR INTO RECEIVERSHIP, WHAT IS LEFT?

MR. GOLD: UNDER TEXAS LAW, THE RECEIVER DOES NOT OBTAIN THE PERSONAL CLAIMS OF ANYONE INVOLVED IN THE RECEIVERSHIP. IN THIS CASE THERE ARE SPECIFIC ASSIGNMENTS AND IT IS NOT FOR ME TO ADJUDICATE WHAT THE ASSIGNMENTS MEAN.

THE COURT: I KNOW YOU DON'T ADJUDICATE.

MS. PIERSON: WE ARE NOT ASKING HIM TO GIVE US ANYBODY HE DOESN'T REPRESENT.

MR. GOLD: WHAT I CAN TELL YOU AND ALL I CAN TELL YOU IS THAT THE LAW IN TEXAS IS THAT THE

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RECEIVER, NOTWITHSTANDING ANYTHING ELSE -- IN THIS CASE HAVE SOME ASSIGNMENTS. THOSE ARE INCLUDED IN THE RELEASE TO THE EXTENT THEY ARE ASSIGNMENTS. TO THE EXTENT THERE ARE NOT, THE PERSONAL CLAIMS OF CLAIMANTS ARE NOT INVOLVED IN THE RECEIVERSHIP. THEY MAY ASSERT THOSE.

MR. REYNAUD: YOUR HONOR --

MR. GOLD: IF THEY DISAGREE, THAT WILL BE FOR
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THEM TO LITIGATE. I AM NOT DISPELLING THEIR RIGHT TO DO THAT. I'M MERELY TELLING THEM WHAT THE LAW OF TEXAS IS.

MR. REYNAUD: YOUR HONOR, WE FILED IN THIS PROCEEDING A MOTION FOR PARTIAL SUMMARY JUDGMENT --

THE COURT: I KNOW YOU DID, MR. REYNAUD. DON'T REITERATE THAT ALL OVER AGAIN.

MR. REYNAUD: I'M NOT, BUT SHARED BY MR. PERCY AND PERHAPS SOME OF THE OTHER DEFENDANTS. AND WE CITED THE COTTEN CASE THAT THE PERSONAL CLAIMS SHOULD BE DISMISSED. ONE WAY TO RESOLVE THIS, YOUR HONOR, IS TO REURGE THAT MOTION. WE ARE STILL A PARTY TO THE CASE. MR. PERCY WOULD WANT TO DO THAT ON BEHALF OF HEALTH NET, DISMISS THE PERSONAL CLAIMS FROM THIS CASE, CLASS ACTIONS COME LATER, THEY COME LATER, DISMISS THEM FROM THE CASE RIGHT NOW BECAUSE THIS MAN, CONTRARY TO MR. GEORGE AND MR. HOHMANN AND MR. CILIFENS, IS NOW CITING THE VERY CASE THAT WE CITED THAT YOUR HONOR DISAGREED WITH AND SAID THOSE CLAIMS CAN BE BROUGHT. IF THEY CAN BE BROUGHT, THEN THEY SHOULD BE INDEMNIFIED. IF THEY CANNOT BE BROUGHT, THEY SHOULD BE DISMISSED. THEY CAN'T HAVE IT BOTH

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WAYS.

MR. GOLD: YOUR HONOR, IF SOMEONE FILES A CLAIM AGAINST THESE PEOPLE, I WOULD SUSPECT THAT THEY'RE GOING TO ASK, DID YOU EXECUTE AN ASSIGNMENTS OF ANYTHING TO THE RECEIVER. THE ANSWER IS YES OR THE ANSWER IS NO. IF IT'S YES, I ASSIGNED EVERYTHING TO THE RECEIVER, HERE'S THE ASSIGNMENT, SOME COURT IS GOING TO LOOK AT THAT AND SAY EITHER I -- A, THIS ASSIGNMENT CONVEYS YOUR PERSONAL RIGHTS. THEY'VE BEEN RELEASED BECAUSE THE RECEIVER HELD THEM AND HE SETTLED IT. OR, B, NO, THIS ASSIGNMENT DID NOT CONVEY YOUR PERSONAL RIGHTS, THEREFORE THE RECEIVER COULD NOT RELEASE THEM AND YOU'RE ON THE HOOK. IT'S THAT SIMPLE.

THE COURT: AND THERE IS NO PRESCRIPTION?

MR. GOLD: STATUTE OF LIMITATIONS, SURE.

THE COURT: AND THERE IS NO PEREMPTION?

MR. GOLD: I'M SORRY, YOUR HONOR, I AM NOT FAMILIAR WITH THAT. PEREMPTION?

THE COURT: YES.

MR. REYNAUD: THEY WANT IT BOTH WAYS, YOUR HONOR.

MR. GOLD: I DON'T KNOW WHAT THAT MEANS.

THE COURT: ALL RIGHT.

MR. REYNAUD: I DON'T KNOW WHAT TO DO WITH THAT. WE GOT TO POINT ONE THOUGH.

MS. PIERSON: IN MY OWN LITTLE SIMPLE WAY I THINK I NEED TO SAY THIS AGAIN.

THE COURT: LET'S GET READY FOR TRIAL, MS. PIERSON. GET YOUR WITNESSES AND LET'S GO TO
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TRIAL.

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MS. PIERSON: WE ARE NOT ASKING ANYBODY ON THAT SIDE OF THE TABLE, MS. JOHNSON, WE'RE NOT ASKING MS. JOHNSON TO SETTLE OR AGREE TO ANYTHING THAT SHE DOESN'T CONTROL. IT SAYS HERE QUITE CLEARLY, ANY PERSON OR ENTITY ON WHOSE BEHALF THE PLAINTIFFS, THAT IS THEM --

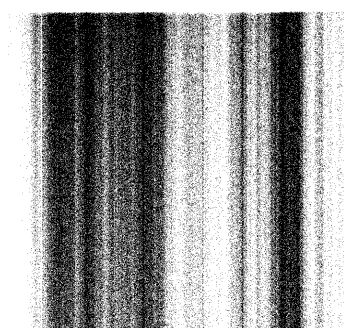
THE COURT: I UNDERSTAND.

MS. PIERSON: -- OR ANY OF THEM PURPORTED TO BRING THE LOUISIANA CASE, THE TEXAS CASE OR THE REVIEW PANEL PROCEEDING THAT IS BASED UPON FACT, MATTERS, OR CIRCUMSTANCES WHICH WERE ALLEGED. LOOK, HE'S TALKING ABOUT SOMEBODY HE DOESN'T REPRESENT. I UNDERSTAND THAT. SO WHY ARE WE STILL HERE TALKING ABOUT THIS?

MR. GOLD: YOUR HONOR, I AGREE. I DIDN'T WORK OUT THE LANGUAGE IN THE AGREEMENT. I DON'T KNOW WHY SHE IS TALKING ABOUT IT. I WAS ONLY HERE ON THE INDEMNITY LANGUAGE.

MS. PIERSON: THAT'S IN THE INDEMNITY PARAGRAPH. THAT IS WHAT I WAS READING.

MR. GOLD: I TOLD HER WHAT THE LIMITS OF THE INDEMNITY WERE. WE'VE RESOLVED THAT. THAT WAS



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THE ONLY ISSUE. I HAVE MADE NO OTHER FIGHTS.

MR. REYNAUD: YOUR HONOR --

MR. GOLD: IN THAT ONE INCH STACK OF EMAIL IF SHE CAN FIND FOR YOU WHERE I HAVE OBJECTED TO ANY DEFINITION, I AM GLAD TO TAKE IT UP, BUT I DID NOT. I MERELY TOLD HER WHAT THE LIMITS OF THE INDEMNITY WOULD BE.

MR. WALTERS: JUDGE, CAN I SAY SOMETHING? I HAVEN'T SAID MUCH TODAY.

THE COURT: NO, YOU HAVEN'T SAID MUCH TODAY,

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MR. WALTERS. YOU NEED TO SAVE YOUR STRENGTH FOR TRIAL.

MR. WALTERS: MY UNDERSTANDING FROM THE BEGINNING WHEN MS. PIERSON STARTED TALKING WAS THAT INDEMNITY WAS TO THEM FOR CLAIMS OF PEOPLE WE REPRESENT OR BY VIRTUE OF ASSIGNMENT OF CLAIMS TO US. AND THAT IS WHAT IT SAYS IN THE PEARCE THING. IT STAYS BY ANYONE CLAIMING BY, THROUGH, FOR, OR UNDER PLAINTIFFS OR ANY OF THEM THAT ARE BASED UPON FACTS, MATTERS, OR CIRCUMSTANCES ALLEGED OR WHICH COULD HAVE BEEN ALLEGED BY THE PLAINTIFFS OR ANY OF THEM IN WHOLE OR IN PART OR DERIVATIVE THEREOF. THAT IS WHAT PEARCE SAYS AND I THINK THAT IS WHAT YOU'RE SAYING.

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MS. PIERSON: IT'S EXACTLY WHAT WE ARE
SAYING.

MR. WALTERS: WE AGREE WITH THAT.

MR. GOLD: WE DON'T DISAGREE.

MR. WALTERS: I THINK EVERYBODY AGREES TO
THAT.

MS. PIERSON: WHY ARE WE HERE?

THE COURT: BECAUSE YOU FILED THE MOTION, MS.
PIERSON.

MR. REYNAUD: NO, THE REASON WHY WE'RE HERE

--

MS. PIERSON: WE ARE HERE BECAUSE THIS IS THE
AGREEMENT AND MR. GOLD STARTED TRYING TO CHANGE
IT.

THE COURT: I UNDERSTAND THAT, MS. PIERSON,
AND HERE'S WHAT I THINK WE OUGHT TO DO. I WILL
GIVE YOU MR. GOLD AND MR. MCKERNAN --

MR. MCKERNAN: MR. MCKERNAN IS NOT GOING TO

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BE THERE, YOUR HONOR.

THE COURT: BE WHERE? WHERE ARE YOU NOT
GOING TO BE?

MR. MCKERNAN: WHEREVER THEY'RE GOING TO BE
RIGHT NOW.

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THE COURT: WHERE ARE YOU NOT GOING TO BE,
MR. MCKERNAN. YOU DIDN'T EVEN LET ME FINISH.

MR. MCKERNAN: WHEREVER THERE IS, I'M NOT
GOING TO BE THERE.

THE COURT: YOU DON'T WANT TO BE NOWHERE NEAR
THEM.

MR. MCKERNAN: I WANT TO GET OUT OF THIS
COURTROOM.

THE COURT: I WANT TO BE WITH YOU, MR.
MCKERNAN. I WANT TO BE OUT OF THIS COURT TOO.
BUT BE THAT AS IT MAY, LET ME HAVE FOR APPROVAL
YOUR LANGUAGE BY TWELVE -- BY TWO O'CLOCK
TOMORROW. LET ME SIGN OFF ON IT AND LET US BE
FINISHED WITH THIS. NOW, MS. PIERSON, I HAVE A
PRESENTATION TO MAKE AT THE SUMMER SCHOOL. I
DON'T WANT TO BE LATE GETTING THERE SO I CAN
REVIEW MY THINGS.

MS. PIERSON: YOUR HONOR, OUR LANGUAGE IS IN
PWC-2, PARAGRAPH --

THE COURT: I WANT TO SEE THE FINALIZED
DOCUMENT WITH YOUR SIGNATURES, THE REQUISITE
SIGNATURES AND YOURS, MR. MCKERNAN, MR. GOLD,
WHOEVER, AND I WANT TO SIGN OFF ON IT BEFORE I
LEAVE FOR THE SUMMER SCHOOL.

MS. PIERSON: AT NOON TOMORROW?

THE COURT: AT LEAST BY NOON TOMORROW.

MR. REYNAUD: MAY WE HAVE A LITTLE BIT MORE

TIME THAN THAT, YOUR HONOR?

THE COURT: HOW MUCH MORE TIME, MR. REYNAUD.
I WANT TO GET ON THE ROAD --

MR. REYNAUD: WE CAN AGREE OR NOT ON THE
INDEMNITY LANGUAGE BY TWO O'CLOCK TOMORROW BECAUSE
IT'S GOING TO BE THE SAME AS THE --

THE COURT: WHY DON'T YOU GET UP EARLIER. I
KNOW YOU'RE A YOUNG MARRIED, BUT WHY DON'T YOU GET
UP A LITTLE EARLIER. GET UP EARLY. NO, LET ME
PUT IT THIS WAY. STAY UP AND FINISH YOUR WORK.

MR. REYNAUD: WE CAN TRY, YOUR HONOR, BUT I
HAVE NOT SEEN ALL THESE OTHER THINGS, THE CHANGES
THEY HAVE MADE.

THE COURT: TRY THE BEST YOU CAN. JEANNE
COMEAX WILL HELP YOU.

MS. PIERSON: IT WILL GET DONE A LOT QUICKER
IF I CAN GET AN ANSWER TO MY FIRST QUESTION WHICH
IS, MR. GOLD, CAN SOMEBODY TELL FROM TEXAS THAT WE
IF RESOLVE PARAGRAPH NINE THERE IS NO OTHER
PROBLEMS? THEY'VE HAD THIS AGREEMENT FOR TWO
MONTHS.

THE COURT: PLEASE SAY THAT.

MR. GOLD: YES, MA'AM.

THE COURT: NO OTHER PROBLEMS.

MS. PIERSON: YES, MA'AM, NO OTHER PROBLEMS?

THE COURT: YES, MA'AM, NO OTHER PROBLEMS.

MR. GOLD: YES, MA'AM, NO OTHER PROBLEMS.

THE COURT: SEE, MS. PIERSON, HOW EASY THAT

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WAS. YOU COULD HAVE DONE THAT A LONG TIME AGO,
MS. PIERSON.

MS. PIERSON: MR. GOLD, COULD YOU STAY HERE
FOR A FEW MINUTES AND LET US HAMMER THIS OUT AND

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SEE IF WE CAN AGREE ON THIS AND --

MR. MCKERNAN: YOUR HONOR, BEFORE WE RECESS,
I WANT TO PUT SOMETHING ON THE RECORD.

THE COURT: ALL RIGHT.

MR. MCKERNAN: I'M VERY CONCERNED BECAUSE I'M
CONCERNED THAT THE COURT BELIEVES THAT JEAN
JOHNSON WAS IN SOME WAY MALEVOLENT ON THIS WHOLE
SITUATION AND --

THE COURT: MR. MCKERNAN, DON'T GO BACK DOWN
THAT ROAD. ALL IS FORGIVEN. ALL RIGHT?

MR. MCKERNAN: I JUST WANT TO CLARIFY --

THE COURT: ALL IS FORGIVEN. ONCE WE GET A
SETTLEMENT, ALL BETS ARE OFF, YOU UNDERSTAND.
IT'S CALLED REDEMPTION.

MR. MCKERNAN: I DON'T NEED IT, JUDGE.

THE COURT: WELL, OLLIE AND THEM NEED
REDEMPTION. THEY CONTINUE TO NEED IT. ALL IS
FORGIVEN, BUT I TAKE A VERY SERIOUS, VERY ACTIVE
PART OF SETTLEMENT. THAT IS A BIG PART OF OUR
LAW. AND PEOPLE WHO DO THINGS, NOT YOUR CLIENT OF
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COURSE, TO UNDERMINE THE SETTLEMENT, THE COURT HAS TO TAKE A CLOSE, SCRUTINOUS LOOK AT, MR. PERCY; ISN'T THAT CORRECT? AND THAT'S WHAT I DO.

MR. MCKERNAN: WELL, MS. JEAN JOHNSON --

THE COURT: SINCE THAT'S NOT THE POINT, DON'T EVEN WORRY ABOUT IT. IT'S ALL OVER. OKAY.

MR. HOLLIDAY: YOUR HONOR, A REAL QUICK QUESTION. THIS TWO O'CLOCK DEADLINE TOMORROW --

THE COURT: DOES MR. GUERRY KNOW YOU ARE HERE?

MR. HOLLIDAY: HE ORDERED ME TO COME, SO HERE I AM.

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THE COURT: WHILE HE IS AT THE -- NEVER MIND.

MR. HOLLIDAY: WORKING DILIGENTLY AT SOMETHING. I JUST WANT TO CLARIFY THIS TWO O'CLOCK DEADLINE TOMORROW IS FOR ONLY THESE PARTIES HERE TODAY.

THE COURT: YOU DON'T HAVE -- YOUR THING IS WORKED OUT, AS I UNDERSTAND IT.

MR. MCKERNAN: WE ARE STILL WORKING OUT THE LAST FEW DETAILS.

THE COURT: WELL, I TALKED TO MR. GUERRY THE DAY BEFORE YESTERDAY AND EVERYTHING WAS ON TRACK

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FOR RESOLUTION. HE SAID THAT THERE WERE NO
PROBLEMS.

MR. HOLLIDAY: I THINK WE ARE GOING TO GET IT
FINALLY RESOLVED. I JUST WANTED TO MAKE SURE THAT
WE --

THE COURT: I WANT TO GET IT DONE, AND I
CERTAINLY WANT TO GET IT DONE BEFORE SUMMER SCHOOL
STARTS BECAUSE SOMETHING COULD HAPPEN TO LAWYERS
ON THEIR WAY TO SCHOOL. AND SOMETHING SURELY WILL
HAPPEN TO THEM WHILE THEY ARE AT SCHOOL AND THEY
MIGHT NOT MAKE IT BACK. SO LET'S DO OUR WORK
FIRST. I WILL BE WALKING EARLY IN THE MORNING
WITH MS. COMEAUX, SIX O'CLOCK.

MS. COMEAUX: I'LL BE THERE.

MS. PIERSON: YOUR HONOR, WE ARE GOING TO
TALK WITH MR. GOLD --

THE COURT: MS. PIERSON, I WILL STAY HERE
FIFTEEN MORE MINUTES, MAX, SO DON'T START ANY
FIGHTS AFTER THAT, MS. PIERSON.

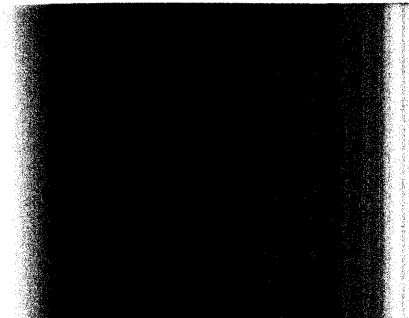
MS. PIERSON: WHEN WE FINISH IT -- I WOULD
LIKE TO SOLVE THIS IN FIFTEEN MINUTES AND WHEN WE

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FINISH I WOULD LIKE TO PUT IT ON THE RECORD
BECAUSE I THINK WE HAVE GOT IT RESOLVED.

MR. GOLD: I THOUGHT WE PUT IT ON THE RECORD
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SIX TIMES.

THE COURT: WE ALREADY PUT IT ON THE RECORD.
BUT --

MS. PIERSON: SO THIS LANGUAGE IS OKAY AS
LONG AS THE UNDERSTANDINGS THAT WE HAVE ARE WHAT
WE'VE SAID.

THE COURT: THAT'S RIGHT.

MR. GOLD: WE CAN STICK IN ONE LINE THAT
ATTACHES THE TRANSCRIPT OF THIS PROCEEDING AS
EXPRESSING THE INTENT OF THE PARTIES ON INDEMNITY
LANGUAGE AND THEN GO.

MS. PIERSON: WAIT A MINUTE. IF WE'RE GOING
TO DO THAT AND SOLVE IT NOW, THEY WANTED ME TO
CLARIFY IT AND I TRIED TO BUT I DIDN'T GET THIS
STRAIGHT. CLAIM IS A TERM OF ART AND WHAT WE
WOULD SAY IS THAT IF SOMEONE MAKES A CLAIM AGAINST
US, OKAY, AND YOU FILE TO PAY OUT SOME MONEY TO
SOME PEOPLE, THEN WE WOULD HAVE THE RIGHT TO COME
INTO THAT COURT AND SAY, WELL, WAIT A MINUTE, WE
HAVE GOT THIS INDEMNITY AGREEMENT CONTRACT OVER
HERE AND WE WANT TO BE PAID BECAUSE WE HAVE THIS
CLAIM OVER HERE THAT SOMEBODY MADE AGAINST US --

THE COURT: YOU ALREADY ASKED THAT, OLLIE.

MS. PIERSON: I UNDERSTAND, BUT MR. POWELL
SAYS WE DON'T WANT TEXAS TO COME IN AND SAY
BECAUSE IT'S NOT REALLY A CLAIM, IT'S A CONTRACT,
THAT IT'S A LATE-FILED CLAIM AND THEREFORE IT'S
TIME BARRED, WE HAVEN'T MADE THIS CLAIM BEFORE
BECAUSE WE DON'T HAVE AN AGREEMENT UNTIL TODAY.

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MR. GOLD: YOU CAN MAKE WHATEVER PRESENTATION YOU WANT TO THE COURT TO GET WHATEVER IT IS YOU THINK YOU'RE ENTITLED TO.

MS. PIERSON: YOU'RE NOT GOING TO SAY IT'S A LATE-FILED CLAIM.

MR. GOLD: I DON'T THINK SO.

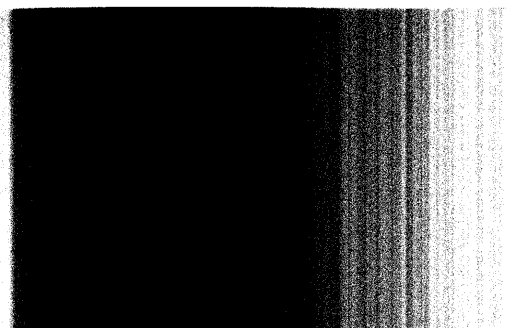
MS. PIERSON: I MEAN, WE COULDN'T HAVE FILED IT BEFORE TODAY.

MR. GOLD: I DON'T KNOW ABOUT THAT, BUT I DON'T THINK IT'S LATE-FILED CLAIM.

MS. PIERSON: WELL, WE COULDN'T HAVE ASSERTED AN INDEMNITY CLAIM PRIOR TO THE DAY WE SIGNED THE INDEMNITY AGREEMENT, CORRECT?

MR. GOLD: I MEAN RIGHT WERE FIXED ON THE DATE THE RECEIVERSHIP STARTED. BUT WHATEVER IS THERE IS THERE.

MR. REYNAUD: YOUR HONOR, FROM PROSKAUER ROSE'S STANDPOINT AGAIN, I THINK WITH MS. PIERSON AND PLAINTIFFS FROM TEXAS, AND HOPEFULLY LOUISIANA AND OKLAHOMA, WE CAN RESOLVE THE INDEMNITY LANGUAGE. I'VE GOT TO RUN -- AND I HAVE MARCHING ORDERS ON INDEMNITY LANGUAGE, BUT I HAVE GOT TO RUN A LOT OF THIS OTHER STUFF BY A LOT OF PEOPLE. SO I MAY NOT BE ABLE TO MAKE TWO O'CLOCK. BUT INDEMNITY I THINK WE CAN DO THIS AFTERNOON WITH MS. PIERSON.



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THE COURT: ALL RIGHT. COURT WILL STAND AT
ADJOURNMENT.

MR. PERCY: ONE FINAL MATTER.

THE COURT: THERE IS MR. PERCY. YOU'VE BEEN
SO WELL BEHAVED, MR. PERCY.

MR. PERCY: I TRY TO BE ALL THE TIME. I TRY.

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I WANTED TO DO THIS FOR THE RECORD. AFTER OUR
HEARING YESTERDAY, THE COURT RECONVENED THE
SETTLEMENT CONFERENCE INVOLVING MY CLIENT.

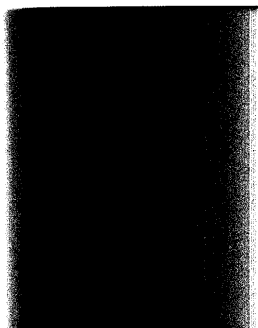
THE COURT: THAT'S CORRECT.

MR. PERCY: THE COURT GAVE ME CERTAIN
INSTRUCTIONS AND INSTRUCTED ME TO COME BACK. I AM
BACK AND I'M PREPARED TO RECONVENE THE CAUCUS WITH
THE COURT FOR THE PURPOSE OF THE SETTLEMENT
CONFERENCE.

THE COURT: THE COURT HAS PLENTY OF TIME FOR
THAT. MR. MCKERNAN AND MR. WALTERS, WE ARE NOW
GOING TO TALK SOME SETTLEMENT. MR. HARRISON AND
MS. BUSER, YOU REMAIN.

END OF HEARING

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C E R T I F I C A T E

I, DANIEL L. MARTIN, CCR, OFFICIAL COURT
REPORTER, NINETEENTH JUDICIAL DISTRICT COURT, PARISH
OF EAST BATON, STATE OF LOUISIANA, DO HEREBY CERTIFY
THAT THE FOREGOING 80 PAGES CONSTITUTE A TRUE AND
ACCURATE TRANSCRIPT OF THE AFORESAID MATTER AS TAKEN
BY ME ON THE STENOGRAPHIC MACHINE, TO THE BEST OF MY
KNOWLEDGE AND ABILITY.

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WITNESS MY HAND THIS 3RD DAY OF JUNE,
2005.

DANIEL L. MARTIN
OFFICIAL COURT REPORTER
19TH JUDICIAL DISTRICT COURT
CCR# 87148

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